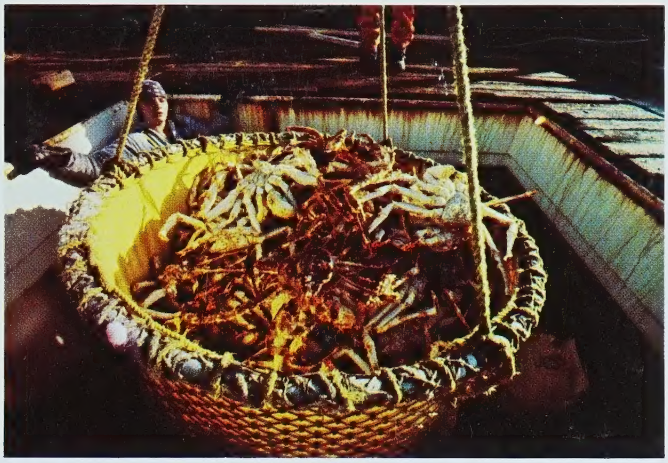
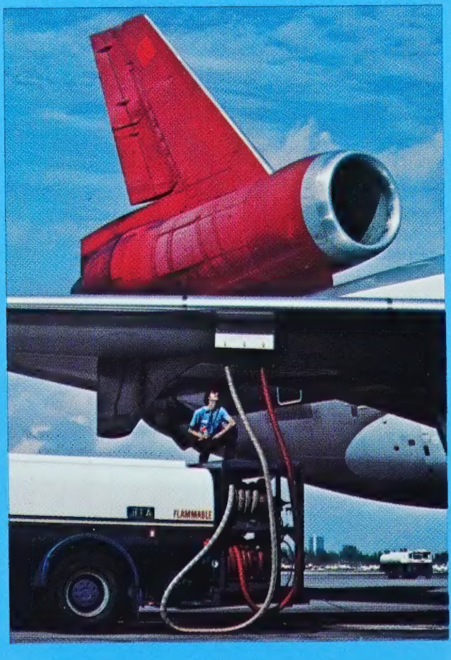


The Greyhound Corporation 1976 Annual Report

Greyhound's Quality begins with the quality of our people



Contents

Financial Briefs

	1976	1975	1974	1973	1972
Revenues of Continuing Operations (millions)	$3,738	$3,802	$3,513	$3,459	$2,991
Income of Continuing Operations before Extraordinary Loss (millions)	$ 77.1	$ 81.2	$ 68.2	$ 79.8	$ 70.1
Discontinued Operations (millions)			(10.2)	(3.4)	
Extraordinary Loss (millions)					(3.3)
Net Income (millions)	$ 77.1	$ 81.2	$ 58.0	$ 76.4	$ 66.8
Income Per Share of Continuing Operations (dollars)	$ 1.76	$ 1.87	$ 1.62	$ 1.89	$ 1.67
Net Income Per Share (dollars)	1.76	1.87	1.37	1.81	1.59
Average Number of Common Shares (millions)	43.7	43.4	42.2	42.1	41.9

Message From Your Management

Dear Shareholders:

For The Greyhound Corporation, 1976 was a year of noteworthy performance despite a 5% decline from last year's record high. Net earnings were $77 million compared with $81 million the prior year. On a per share basis, this translates to $1.76 compared with $1.87 a year ago. Revenues during the year dropped slightly from $3.8 billion in 1975 to $3.7 billion in 1976.

1976 Operations

Although our 1976 earnings were lower than in 1975, they were among the highest in our company's history, and by any standard, represent a creditable achievement, having been earned in a year of rather poor economic conditions and a year in which our company again suffered the inroads of Federal regulation.

Despite these difficulties, all six of our product and service groups were solidly profitable in 1976 and several of our companies reached new highs.

Our Armour-Dial Company had its best year by far with record earnings in its canned meat and soap divisions. In sharp contrast to 1975 when earnings languished, Armour Pharmaceutical also turned in a record performance.

Our Armour Food operations, while profitable, fell short of the prior year's outstanding results due in large part to prohibitive prices for feed grains which hurt pork and turkey operations.

Taken as a whole, however, 1976 was one of the best years in the history of Armour and Company which was acquired by Greyhound in 1970.

This performance again demonstrates the advantages of Greyhound's diversification program because our original business — intercity bus operations — experienced the worst results in many years, due in part to the failure of the Interstate Commerce Commission on two occasions in 1976 to approve fully justified fare increases. Inability to obtain badly needed rate relief to offset rising costs caused us to reduce service, lay off employees and curtail our bus purchases and terminal improvement programs. Our obligations to the public and to our shareholders make it unconscionable for management to sit idly by and suffer the U.S. bus industry to go the way of the rail industry. We are therefore determined to obtain adequate fares through, we trust, the present regulatory system, but if necessary, through deregulation.

Some of the decrease in the earnings of the Transportation Group was recouped through the fine performances of Armour and other subsidiaries. In the Services Group, the Florida Export Companies, the Dispatch Services Companies, Border Brokers, Aircraft Service International, Greyhound Support Services, Greyhound Temporary Help Service, the Exhibitgroup and the Wernecke Company had their best years in 1976.

Equally impressive was the dramatic turnaround in our Food Service Group (Prophet Foods and Post Houses). And I am pleased to report that our newest acquisition in the food service field, Faber Enterprises, exceeded its best previous year by 18% in 1976. While we anticipated good profit gains in 1976, they far exceeded our expectations, resulting in record earnings for this group as a whole.

Finally, our Leasing Group, which contributes significantly to our earnings year in and year out, achieved record 1976 earnings of over $15 million.

On the whole, despite the uncertain economic conditions and the inroads of the Federal regulators, 1976 was a good year for our company. I am personally very proud of the job that our employees did corporate-wide last year.

Personnel

As many of you know, Raymond F. Shaffer will retire as President of the Corporation in April 1977, ending a distinguished career that has spanned 31 years. During these years, Mr. Shaffer has demonstrated unfailing dedication to the company, particularly during the years of change and diversification. We are indeed grateful for his contributions to our growth.

The Board of Directors has determined that for an indefinite period of time following the retirement of Mr. Shaffer, I will assume the position of President, in addition to my responsibilities as Chairman and Chief Executive Officer. At the same time, my fellow members of the Executive Office, Ralph C. Batastini, Clifton B. Cox and James L. Kerrigan will become Vice Chairmen of the Corporation, in which capacities they will be responsible for all operations of Greyhound and its subsidiaries.

During 1976 and early in 1977, a number of other corporate appointments were made with a view to continuing to strengthen executive ranks.

John E. Adkins was named Group Vice President for the Transportation Group. Mr. Adkins brings to the post broad experience from his years of service as Executive Vice President of Greyhound Lines.

Ralph J. Wehling was appointed Vice President-Taxes in recognition of the increased importance of tax planning in corporate affairs.

James L. Corcoran became Vice President-Government Affairs on February 1, 1977. Mr. Corcoran brings to Greyhound many years of experience in government and private business in our national Capitol.

And finally, Carl J. Fleps was named Vice President-Administration in which capacity he will act as my administrative assistant.

Gerald H. Trautman

Facilities

Our company has also continued to make sizeable investments for the benefit of future operations. Recognizing that while employees are the most important part of any corporation, they can only do an adequate job with adequate tools, our company in 1976 and continuing into 1977 has:

- Dedicated the new Armour Research Lab, a $14 million facility in Scottsdale, Arizona, which houses research and development activities for both Armour Food and Armour-Dial. In terms of not only its equipment but its professional staffing, the Armour Research Lab is considered one of the finest facilities of its kind in the world.
- Started construction of a $20 million food processing plant in Mason City, Iowa. This plant, which will be opened later this year, continues the modernization program undertaken in prior years.
- Provided a new garage and office for our Red Top Sedan operations at the Miami Airport in Miami, Florida.
- Acquired a new garage and office for our Royal Hawaiian Sightseeing operations in Honolulu, Hawaii.
- Relocated the headquarters of Travelers Express into its own building in Minneapolis.
- Opened major expanded facilities for our Exposition Service operation in Atlanta, New Orleans and Los Angeles.
- Provided new bus terminal facilities in Atlanta, Albuquerque and Denver and started work on new terminals in Cincinnati and Little Rock.
- And finally, manufactured and put into service in our extensive transportation operations, 514 new buses at a total cost of nearly $50 million.

I think it is fair to say that all of our facilities are now in better shape than ever before.

Directors

Under our mandatory retirement policy, Directors William R. Adams and James W. Walker will not be able to stand for reelection in May 1977. Each of these gentlemen has been a Greyhound Director since January 1962, and each has served on various committees of the Board from time to time. These gentlemen, displaying a vivid interest in the Greyhound organization, have given us invaluable advice and counsel, contributing significantly to Greyhound's progress.

We are fortunate, however, to have two outstanding replacements on the Board. John B. Connally, senior partner in the Houston law firm of Vinson & Elkins, was elected to our Board in February, 1977. Mr. Connally, a former Governor of Texas, also served as Secretary of the Treasury and Secretary of the Navy. He will stand for reelection by the shareholders at the May meeting. It is appropriate that Mr. Connally should join the Greyhound organization coming as he does from a bus family. His father, who owned and operated a bus line in Texas, sold his operation to Greyhound in 1934.

The second outstanding replacement is Samuel A. Casey who was also elected to our Board in February and will stand for reelection in May. Mr. Casey is Chairman of the Board, President and Chief Executive Officer of Great Northern Nekoosa Corporation, a major U.S. paper manufacturer and distributor. He is also an attorney and served in a number of executive posts at Great Northern before assuming the top position in 1974.

1977 Outlook

From the foregoing you will understand that as we move into 1977, Greyhound will continue to have a strong, independent Board of Directors and talented personnel at all levels throughout the organization; and with our facilities now in superb condition, our company should be in a position to take advantage of future opportunities. I expect that opportunities for our company will be better in 1977 than in 1976. General economic conditions should improve moderately throughout the year. There should be a recovery in our transportation operations as the economy accelerates and as we obtain more adequate fares. With the prospect of cheaper feed and a more plentiful supply of hogs, our food operations also should bring increased profits. Those companies which had record performances in 1976 should continue to do well in 1977. While the year has started slowly because of the effects of the severe winter weather, I am optimistic that 1977 will be another good year for Greyhound.

In closing, I would like to emphasize that our goal at Greyhound is to be the lowest cost, highest quality, most innovative producer of goods and services in our multi-businesses. We are grateful to our shareholders and our employees who share our vision and whose loyalty and cooperation contribute so measurably to our success.

For the directors,

Gerald H. Trautman

Gerald H. Trautman
Chairman of the Board and
Chief Executive Officer

Description of Business

The Greyhound Corporation is a holding company with numerous subsidiaries whose business activities can be categorized into six general groups involving approximately 52,000 employees.

TRANSPORTATION

The subsidiaries in this group are engaged in intercity passenger bus operations (including the shipment of small packages and mail), bus manufacturing, airport ground transportation, sightseeing and travel agency operations. The Greyhound bus system operates approximately 4,650 intercity buses in regular service throughout the continental U.S., and in Canada and Alaska over a total of 122,000 route miles, owns or leases approximately 225 bus terminals and over 60 garage maintenance facilities in major U.S. cities, and is additionally represented in smaller communities by approximately 3,200 independent commission agents. The operations of the transportation subsidiaries are regulated by the Interstate Commerce Commission and state regulatory agencies.

FOOD

The operations of this group are conducted principally by the Armour Food Company division of Armour and Company and include the processing and selling of meats, animal products and their by-products, and manufacturing or processing of other food products, including poultry, eggs, butter, cheese, vegetable oils, margarine and shortening. Food products under a number of trademarks, including *Golden Star, Armour Star, TesTender, Veribest, Miss Wisconsin* and *Cloverbloom,* are marketed primarily to wholesalers and retailers and to the food service industry throughout the United States. Armour operates 15 livestock slaughtering facilities, 58 meat processing and distribution facilities, 20 dairy, poultry and oil facilities and seven other facilities. During 1976, Armour ranked first in the sale of bacon and second in hot dogs.

CONSUMER PRODUCTS AND PHARMACEUTICALS

This group is comprised principally of the Armour-Dial Company division, Armour Pharamaceutical Company, the Armour International division and the Malina Company, a subsidiary. The group manufactures and markets a wide variety of personal care products, shelf-stable canned meats and household and handicraft products. It also manufactures and markets ethical pharmaceuticals and antacid and anti-perspirant ingredients. Its many nationally recognized consumer products include: *Dial* and *Tone* soaps, *Dial* anti-perspirants and shampoo, *Armour Star* canned meats, *Chiffon* liquid detergent, *Appian Way* pizza mix, *Parsons'* ammonia, *Bruce* floor care products, *Magic* sizing and pre-wash, *Fruit-of-the-Loom* yarn and *Manpower* men's toiletries. Armour Pharmaceutical products include hormones, enzymes, human blood oriented products and other drugs. The group has 10 plants in the U.S. and 10 plants overseas.

LEASING

The subsidiaries in this group are engaged in domestic and foreign industrial finance leasing and computer equipment leasing. Greyhound Leasing & Financial Corporation is the lessor of thousands of separate industrial items, including jet aircraft, railroad cars and locomotives, ocean-going vessels, oil field equipment, machine tools and general manufacturing equipment. Greyhound Computer Corporation is lessor of computer equipment (primarily IBM System/360). The computer subsidiaries also operate data processing centers in two U.S. cities and in London, England, and provide other computer related services.

SERVICES

The subsidiaries in this group are engaged in providing a wide range of services for the consumer and business markets, including aircraft ground-handling services at airports, expert skilled technicians and clerical personnel to employers for temporary work, convention and exhibit services, audio-visual productions and equipment rental, customs brokering, freight forwarding and expediting, automobile rentals, money orders, duty-free shops, catalog gift operations and various support services on major governmental and industry construction projects.

FOOD SERVICE

The food service subsidiaries of Greyhound operate Post House cafeterias and two Burger King fast-food operations as well as newsstands and souvenir gift shops at approximately 107 locations serving Greyhound Lines' bus operations. In addition, Faber Enterprises operates food service facilities in Chicago. Prophet Foods Co. operates approximately 300 food service facilities and vending operations in exposition centers, schools, hospitals, industrial plants and other commercial establishments. The group also includes Restaura, S.A., a major industrial food service company in Belgium.

Transportation

- Net Income reaches $34 million
- Package Express business goes over the $100 million mark
- Over 1,000 new Greyhounds born in 1976

Pearl Bailey, America's First Lady of Song, urges cost-conscious travelers to "Say Hello to a Good Buy" in Greyhound's 1977 ad campaign.

Over 18,000 employees helped make Greyhound a safe, comfortable travel experience for over 60 million passengers in 1976.

Year in and year out, Greyhound's Transportation Group reliably generates profits, and 1976 was no exception. Despite a fitful U.S. economy that continued to dampen passenger travel plans, the group reported net income of over $34 million for the year.

All of the group's diversified operations were solidly profitable for the year and some reached record highs. Bus manufacturing was one such record breaker in 1976, as 1,096 new Greyhounds rolled off our assembly lines. Over 500 of the new MC-8 buses joined the Greyhound fleet of red, white and blue Americruisers at a total investment of nearly $50 million. The majority, however . . . 582 of them . . . went into service with independent bus companies outside the Greyhound system. The MC-8 bus . . . 10 tons of comfort, safety and dependability . . . is bought by more independent carriers in the U.S. and Canada than all other makes of intercity buses combined. We take special pride in this endorsement by our fellow carriers, and we believe that whether we are driving them or building them, Greyhound buses are the recognized standard of excellence in our industry.

Greyhound Package Express also reached a revenue milestone in 1976, going over the $100 million mark for the first time. A strike at UPS during the latter part of 1976 gave added impetus to year-end package express results. What was most satisfying, however, was the number of new customers who turned to Greyhound Package Express during the strike, and then elected to stay with us because of the quality of the service we deliver.

"Shop 'n Ship," our special Christmas service, was expanded this year to shopping malls in some 30 cities around the country. Record numbers of holiday shoppers discovered the convenience of taking their gift purchases directly from the store to a special Greyhound booth for fast, economical shipping.

Even though the Transportation Group is a reliable generator of profits, some years prove more difficult than others in turning those gains. Certainly 1976 was one of those years.

It was a continual challenge to the group to maximize profits in our regular passenger route service. This weakness is a direct consequence of a national economy which continues to lag, hurting in particular the bus-traveling public. An unemployment rate of 14%-20%, far in excess of the national average, plagues the customers we carry, many of whom are students, the retired, or in a moderate-to-low income category. These customers simply traveled less in 1976, and this low ridership was compounded by higher costs of fuel and labor and a frustrating inability to get timely or adequate rate increases.

In an effort to reverse what could have been a disastrous year in our intercity bus business, we fought back successfully with a series of innovative fares and travel plans that got the word out to the traveling public . . . Greyhound is the best travel buy in America!

Late in 1976, we launched a revolution in bus travel that continued into 1977. With Pearl Bailey as our Greyhound spokesperson, we introduced a trio of fares that included: $50 one-way anywhere in the U.S.; a $33 three-day round-trip excursion; and a $99 nine-day version of our popular Ameripass. Throughout 1977 we will continue to urge the traveling public to, "Say hello to a good buy . . . go Greyhound!"

We anticipate our bus passenger revenues will follow the pace of the general economic pickup expected in 1977, aided by reasonable rate relief for costs such as fuel that are beyond our control.

We will also continue in 1977 our campaign to communicate to the American people and their representatives in Congress an awareness of the appalling dilemma of Amtrak. The taxpaying public is subsidizing Amtrak's losses to the extent of over $1 million a day, a subsidization that makes competition with Amtrak neither free nor fair for the nation's 450 intercity bus companies.

The diverse fresh and processed meat products of Armour Food Company were variously affected by economic factors in 1976. The net effect of excellent gains in some areas of our business and weak results in others was a year-end profit of $13 million, down substantially from $17.4 million the prior year.

The bad news, common to the entire industry, was a severe shortage of hogs coming to market throughout most of 1976. A small corn crop a year earlier and resultant high prices for feed caused farmers to breed fewer hogs. During the year we temporarily shut down hog-slaughtering operations in a number of our plants across the country due to the unavailability of livestock. Even when adequate supplies of hogs were available, we still had difficulty maintaining adequate profit margins. The American housewife, faced with high pork prices at the meat counter, simply turned to alternative meats in abundant supply, such as poultry and beef.

Toward the end of 1976, a more plentiful supply of hogs began coming to market. While it did not occur early enough to have a beneficial effect on earnings, we anticipate that this expansion of hog output will materially improve our pork operations in the current year.

In a similar vein, during 1976 the cost of grain to produce turkeys was higher than the going price of turkey. Consequently, we have cut back on our turkey production for 1977 and will continue to monitor this area of our business.

On a more optimistic note, the same circumstances that depressed our pork operations enhanced the processed branded meat segment of our business which enjoyed an excellent year. Consumers who shied away from premium pork prices at the fresh meat counter turned to Armour bacon, hotdogs, smoked meats, canned hams and sausages as good tasting, nutritious alternatives. Armour bacon continues to be the best-selling sliced bacon in the country, while Armour hotdogs are number two in the frankfurter market.

We also made excellent progress in gaining recognition and acceptance of our Veribest Pork and TesTender Beef, both prime quality, branded meats whose superior flavor and tenderness we back up with an Armour guarantee.

Unlike some businesses once and twice removed from events and people, the food industry must react quickly not only to variables in the economy, but to shifts in consumer patterns.

Because supermarkets are exploring every avenue to shave overhead and reduce labor costs, for example, we are doing less delivery of whole carcasses and more business in box beef, custom-cut pork and smaller, finer-trimmed cuts of meat.

Because today's supermarket chains tend to do more warehousing, we consequently need fewer warehouse facilities of our own. As a result, in 1976 we eliminated a number of old, obsolete and costly distribution centers.

On the other hand, we began construction in June on a major new processed meats plant in Mason City, Iowa. And any new facility we build in the future will be precisely this type of large, centralized, highly efficient installation where it is possible to achieve maximum productivity at lowest possible cost.

We are also continuing to watch the American consumer closely to monitor the trends, patterns and preferences which might have an impact on food production. With somewhat more discretionary income at her disposal, for instance, the American housewife is more receptive again to convenience foods, reversing the trend of the last few years. At the same time, however, she is conscious of the cost of individual meals and tending to buy smaller packages again, as opposed to bulk purchases.

At Armour we watch these developments closely in order to respond quickly. In addition to our business in whole turkeys, for example, we are now offering fresh, cut-up turkey parts in response to a small but significant trend among smaller families to buy turkey parts in much the same way they buy chicken.

Mounds of Armour Star Bacon, the best-selling brand in the U.S., await slicing and packaging at our Kansas City, Missouri plant for distribution to supermarkets.

Veribest Pork, Armour's branded, premium quality fresh pork, begins with select hogs. An Armour buyer hand-picks his livestock at a hog farm where the emphasis is on strictly controlled feeding and environment.

Food

- Armour Food earnings held to $13 million in 1976
- Hog shortages force some temporary shutdowns
- Armour's processed foods enjoy excellent gains

Consumer Products & Pharmaceuticals

- Group posts record 1976 earnings of $22 million
- Over 11 million cases of Armour canned meats go to consumers
- Hemophiliacs look to Armour Pharmaceutical for control of bleeding

One word suffices to characterize Armour-Dial operations in 1976 . . . outstanding! Under the Dial, Armour, and Malina banners, sales of soap, canned meat, yarns, handicraft kits and household cleaning products, reached record levels, resulting in earnings of $16 million.

It is axiomatic in the soap industry that competition is keen and that securing and holding a competitive edge is precarious at best. This makes Dial's position as the best-selling soap in America an exceptional accomplishment. Dial Soap, in combination with Tone, our new moisturizing beauty bar, now enjoy a dollar share of sales in the U.S. soap market unequaled by any other two brands.

Helping maintain that keen competitive edge, Dial was redesigned in 1976 with a snappy new wrapper, deeper, richer colors, and a distinctive new sculptured shape. At the Montgomery, Illinois, soap plant, significant capital investments were approved in 1976 to increase productivity and increase our standing in the community as good neighbors by undertaking a multi-million dollar environmental improvement project.

Dedicated Armour Pharmaceutical staffer teaches hemophiliac children how to use Armour's Factorate, a new drug for the control of bleeding

In canned meats, the Armour Star line was the industry leader in 1976. Over 11 million cases of Armour Treet, Vienna Sausage, Chili, Corned Beef Hash, Beef Stew and other canned meat specialties found their way onto the nation's dinner tables last year. For American housewives, approximately half of whom hold jobs, canned meats from Armour represent convenience, quality, good taste and superior nutrition.

Cost . . . inflation . . . the bite that food dollars take out of the total budget . . . these will continue to be major concerns of the American consumer. Armour has been successful in keeping the lid on prices for its canned meat products through a number of devices. Our Fort Madison, Iowa, plant, the largest canned meat processing facility in the country, is also the most highly automated, allowing the kind of operating efficiencies that result in consumer economies.

Armour-Dial's new moisturizing beauty bar, Tone, comes off the packaging line at our Aurora, Illinois plant. Tone and Dial soaps in combination enjoy a larger dollar share of the U.S. soap market than any other two brands.

The Malina Company, a 1974 acquisition, achieved a significant turnaround in 1976 from the prior year's recession-related level. Earnings rose to four times the 1975 results. Malina is a leader in the couture world in the introduction of high fashion yarns and "knit-ovations."

Handicraft kits remain a popular item with do-it-yourselfers, and in 1976 Malina introduced a full line of crewel kits featuring the Peanuts gang . . . Lucy, Linus, Charlie Brown and, of course, the irrepressible Snoopy.

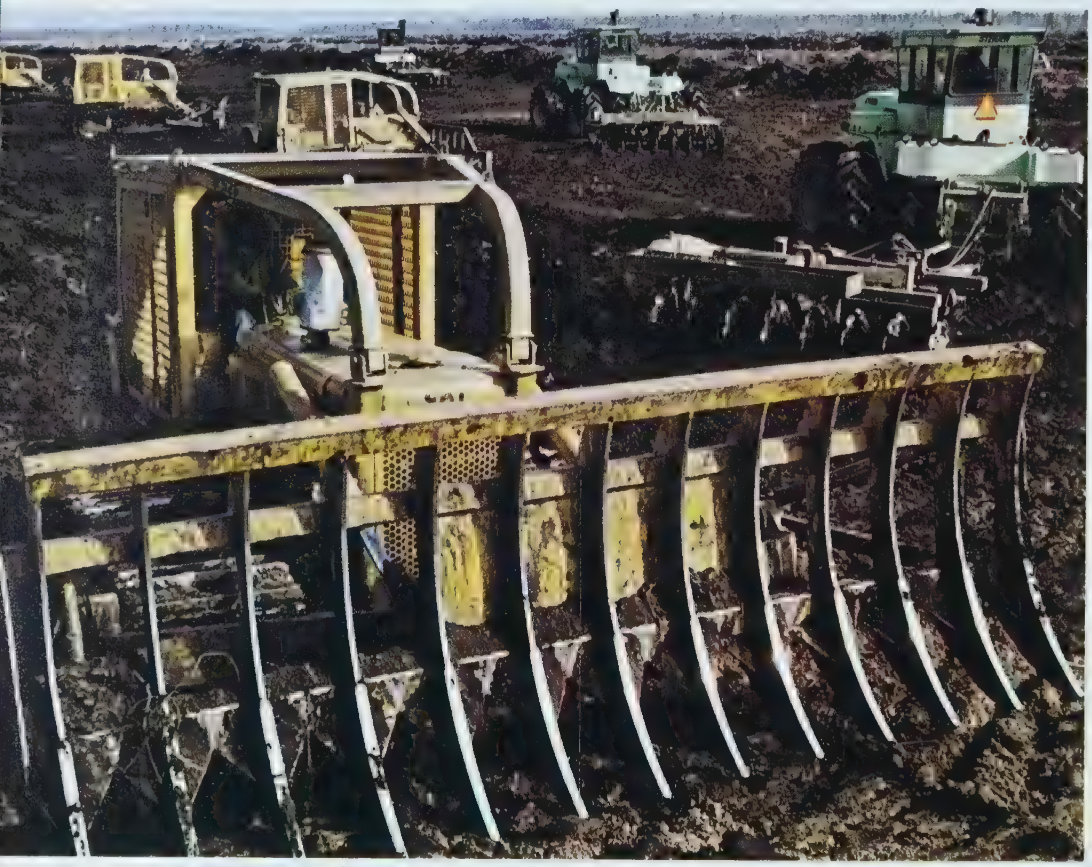
The toiletries area of Armour-Dial operations was down in 1976 due primarily to the turmoil in the anti-perspirant industry as consumers continue their shift from aerosols to non-aerosols. In 1977 we will be offering a full line of non-aerosol anti-perspirants, and we anticipate this segment of our business becoming profitable again in 1977.

Armour Pharmaceutical took a sluggish 1975 performance and turned it around dramatically in 1976. Sales rose 6% to $65 million in the year and profits jumped from $98,000 in 1975 to an impressive $3 million in 1976. Stringent cost control, better utilization of a leaner staff, reduction of inventory and more aggressive marketing all contributed to the turnaround.

Basic drugs such as thyroid to control metabolism, albumin to compensate for blood loss and treat shock, and insulin used by the four million known diabetics in the U.S., remain our most important products. A new drug, Factorate, used to control bleeding in hemophiliacs, is one of our most exciting new products, however. Hemophilia, a strange and painful disease, is a hereditary affliction. Armour Pharmaceutical is working directly with hemophiliac children whose daily injections of Factorate hold the promise of a full and normal life for these youngsters.

The lack of any powerful stimuli for rapid growth in the U.S. economy during 1976 generally forestalled aggressive spending by industry for expansion or capital improvements. In spite of this wait-before-we-spend attitude, Greyhound's Leasing and Financial Group posted record profits of $15 million, as an increasing number of companies turned to leasing as a financially sound way of updating or expanding without huge capital outlays.

The dramatic 24% increase in net income for the Group resulted from a record earnings performance by Greyhound Leasing and Financial Corporation (GL&FC) and a substantial improvement in earnings by Greyhound Computer Corporation (GCC), the other major activity of the Group.



[illegible] equipment on lease from GL&FC are helping reclaim 380,000 [illegible] North Carolina [illegible]tual planting of corn and other feed grains

The investment tax credit, which was increased from 7% to 10% in 1975 and continues to provide a strong incentive for the acquisition of new capital equipment, helped to fuel GL&FC's activity during the year.

1976 also marked Greyhound Leasing's first entry into the public debt market. Bonds — paying 9.7% interest, maturing in 1984 and traded on the New York Stock Exchange — were offered primarily to establish the company's name in the public market. The offering was oversubscribed and raised $60 million which was used to finance the purchase of equipment for lease.

GL&FC specializes in the leasing of very large items of capital equipment, high price-tag equipment with an extended, useful life. At last count, it owned a $750 million portfolio of such items. In recent years, this has projected GL&FC more and more toward the leasing of transportation equipment — railroad cars, inland barges, jet aircraft, shipping and fishing vessels, and the like.

In this area, GL&FC leased two Boeing 727-200 commercial jets to a major airline in 1976 for more than $20 million. The 727-200 is a stretched-out, more powerful version of the original 727, the most popular commercial jet airplane ever built.

Some $34 million worth of railroad equipment, including 434 cars for hauling grain and other commodities and 673 cars for carrying coal, were leased to customers in 1976. Based on original cost, GL&FC now has more than $270 million of railroad equipment on lease in the U.S.

GL&FC also has a hand in the luxury food business. A large Alaskan fishing operation, specializing in catching giant king crab, operates two of our leased fishing vessels out of Dutch Harbor at the far end of the Aleutian Islands.

High-quality health care also got a big boost when a major hospital corporation, which operates some of the nation's most advanced medical facilities, contracted with GL&FC to lease a $600,000 CAT (computerized axial tomography) body-scanner. Using ultrasonic radar signals instead of hazardous x-rays and tracer dyes, the scanner flashes a unique, three dimensional, color image of the body on a TV-like screen for close study by the doctor.

While Greyhound Computer results were up for the year, its computer leasing activities continue to be severely hampered by IBM's dominance of the computer industry and by pricing policies that make the purchase and leasing of new IBM equipment marginal at best.

GCC's European leasing activities were expanded during the year through the acquisition of a computer portfolio in West Germany. In addition, sales involving used computer equipment were stepped up, both domestically and internationally.

Also contributing to GCC's profitable year was a de-emphasis of data service activities that resulted in a number of data service centers being closed or sold.

Giant king crab are caught from two fishing vessels leased by GL&FC to a fishery working in the Bering Sea out of Dutch Harbor in the Aleutian Islands

Leasing, Financial and Computers

- Record profit of $15 million posted for 1976
- More than 1100 railroad cars worth $34 million leased to railroads and utilities during year
- Greyhound Computer continues record of profitability every year

Services

- Net income of $12.6 million contributed by service companies
- Eight of nine company groups exceed $1 million profit level in 1976

Greyhound Exhibitgroup in Chicago has pioneered in adapting the 3M Chromalin color process for use on large permanent displays and outdoor signs

At the time of their acquisition by Greyhound, none of the companies comprising the Services Group were million dollar earners. In 1976, by contrast, eight of the nine major groups of service companies exceeded the $1 million profit level.

Greyhound's Services Group reported net income of $12.6 million for the year. Excluding General Fire and Casualty, which was divested early in the year, this represents a 7.4% increase over 1975 results.

All of the nine groups comprising the Services Group were profitable in 1976 with a number of companies in the groups . . . Aircraft Services International, Dispatch Services, Border Brokers, Florida Export, Greyhound Support Services, Greyhound Temporary Help, the Exhibitgroup and Wernecke . . . showing record profits. Two other companies, Consultants and Designers and Greyhound Rent-a-Car, enjoyed their second highest profit year in 1976.

The Services Group companies are involved in a broad range of activities. For the past two years, for instance, Greyhound Support Services has been providing feeding and housekeeping services to 6,000 workers at camps and pump stations along the Alaska Pipeline. With that huge project nearing completion, GSSI is zeroing in on similar projects in the Middle East. At the port city of Ras Tanura, Arabia, GSSI operates a kind of floating hotel, the "Al Hasa." Anchored four miles out in the Gulf, the "Al Hasa" is a converted 9,100-ton luxury cruise ship which serves as "home" to 650 stevadores who unload ships in the busy harbor. The vessel fills a critical need for accommodations which are not available on shore.

At the Red Sea port of Yanbu, GSSI is also providing complete support services, from food to housekeeping, for 150 truck drivers and supervisors. The project involves a unique operation in which a super-barge arrives in port every 14 days and unloads 107 over-the-road trailers loaded with consumer goods for distribution to hundreds of small towns and villages in the area.

Tampa, Fort Lauderdale and Memphis are a few of the cities whose airports are serviced by underground hydrant fueling systems designed and operated by Aircraft Service International.

Aircraft Service International, which had its best year in 1976, continues to pioneer new concepts for hydrant fueling systems at commercial airports. During the year it completed a 2½ mile underground pipeline from Port Everglades to the Fort Lauderdale, Florida, airport. The system replaces a fleet of tanker trucks that formerly plied the distance between fuel storage tanks and airport. The new pipeline safely and quickly delivers 100 million gallons of jet fuel to the airport annually.

In another area, the Technical Services function of the Consultants & Designers operation, which specializes in supplying expert personnel to temporary projects anywhere in the world, dispatched a crew of skilled technicians to Iran for that country's F-14 jet program. In a joint effort with Grumman Aircraft, Technical Services is recruiting personnel to assemble the complicated aircraft. Technical Services is also charged with the critical job of converting and translating the engineering drawings for the project.

Among the Greyhound Exposition Companies, Wernecke Studios in Chicago had an outstanding year that included installation of the Bicentennial Chicago International Trade Exposition at the newly refurbished Navy Pier. Featuring exhibits from dozens of countries, the exposition drew nearly a million visitors.

Another exposition company, Manncraft Exhibitors Service, handled all the decorations for the GOP National Convention in Kansas City. During 1977, Manncraft will install all of the 1,700 booths for the mammoth Home Center Show to be held in March at the New Orleans Superdome and the Rivergate Exposition Center.

Two new luxury cruise ships made their maiden voyages in 1976, and Florida Export operates the duty-free gift shops on board both of them. The Monarch Star cruises the Caribbean out of Miami, while the Kazakhstan, a ship of Russian registry, sails out of New Orleans to Mexico. Florida Export, which had its first million dollar profit year, stocks these and other cruise ships with luxury items from all over the world including linen, china, crystal, cameras, watches and perfumes.

One of the most dramatic turnaround stories at Greyhound last year occurred in our Food Service operation. Earnings rebounded from a 1975 low of $2.5 million to over $4.5 million in 1976, a jump of 77%.

Behind the figures, however, is an impressive odyssey of how an operation in the doldrums goes about methodically projecting itself back on a growth path. In the case of Food Service, its rebound was calculated as meticulously as a moon shot.

The first order of business in 1976 was to halt the drain of profits and resources of our Prophet Foods Division which operates food facilities at plants, schools, offices, hospitals and institutions. Food Service management began by taking its 10 poorest performing accounts, establishing a target date, and then setting a goal for itself . . . either turn them around by that date or resign them. Then on to the next poorest accounts . . . same method, same goal. The result of this stance, which left no room for hesitancy, was a saving of over $1.5 million.

The next order of business was new business. How to approach it. How to bid on it. How to retain it.

During 1976, Food Service totally reorganized its process of bidding and pricing on new business based on a task force approach. Today a prospective account is visited by a team of three or four key individuals, each an expert in his field . . . whether cost accounting, operations, quality assurance, food and nutrition. Operating independently, each surveys his own area of expertise, meeting at the end of the day to put together a comprehensive proposal within 24 hours after the visit.

This approach has a double payoff; it demonstrates to the client that at Prophet Foods we are good at what we do, and we have management in depth that approaches its job with unusual competency. Secondly, the team approach checks a natural zeal to "oversell," preventing us from inadvertently taking on accounts that are unprofitable and from which we would have to extricate ourselves at a later time.

The kitchens of Greyhound Food Management turn out thousands of banquet-type meals daily at McCormick Place, Chicago's giant convention and exposition center.

Once a new account is sold, the client is supplied with a personal contact, a trouble shooter, who is available to him 24 hours a day, seven days a week. It works as a kind of security blanket assuring the client that any problem occurring in his dining room or cafeteria is *our* problem, and will be handled with dispatch.

Traditionally, Prophet Foods Division has been oriented strongly to industrial accounts, particularly automotive. Although this is a most important aspect of our business, present and future, it has a tendency to fluctuate with the economy, and our profit consequently follows the fluctuations. In 1976, and continuing in 1977, we therefore made an effort to secure new business with colleges, banks, schools, hospitals and other institutions whose relative immunity from cyclicality helps smooth out the peaks and troughs of profitability in our own business.

Two of our newest accounts fall into this category. We have won a food service contract with a major public school system in New York State. Although not the lowest bidder on the project, we had the best overall package in terms of price, program and nutrition. We are also involved in feeding over 1,000 elderly people at 15 neighborhood centers in Phoenix, Arizona. Under a Federally funded program, we deliver in thermal containers complete meals from soup to dessert which have been specially planned to meet the unique dietary needs of the elderly.

Food Service Group's other major operation is the feeding of bus passengers in our own terminals. In 1976, these Post House restaurants experienced a dip in profits, tied as they are to passenger bus traffic which was down. Our answer lies in the fast-food concept geared to draw customers not only from buses, but from nearby office buildings, plants and retail stores. In 1976 we opened the first such facility, a Burger King, in our Philadelphia terminal, and in November a second Burger King opened in our Detroit terminal. Both are luxury facilities with first-class appointments throughout. Over the next three years, we will convert some 25 bus terminal restaurants to fast-food operations emphasizing clean, attractive surroundings and uniformly excellent quality food, popularly priced.

Attractive, high-quality fast food operations have replaced traditional restaurants at our Philadelphia and Detroit bus terminals. Some 25 other terminal restaurants will convert to fast food facilities over the next 3 years.

Food Service

- Turnaround results in jump in earnings to record $4.5 million
- New non-cyclical accounts help balance over-emphasis on industrials
- Fast-food concept debuts at major bus terminals

In The Chairman's View

Gerald H. Trautman, chairman of the board of The Greyhound Corporation, recently gave his views on a number of issues shaping the economic, political and social climate in which the company operates. A determination of these issues will have a significant impact on the future of business and on the interest of the nation's 25 million shareowners.

Q What are the major challenges facing the U.S. economy this year?

A Well, the most immediate, certainly, is the problem of determining how much, if any, stimulation is needed to keep the economy moving sufficiently to lower the unemployment rate without thereby re-igniting runaway inflation. Fortunately, I think people are newly alert that the major cause of inflation is huge Federal deficits. This should act as a restraint on attempts to use increased Federal spending as an economic stimulus. Federal spending not only has a tendency to continue, but to subsequently grow and grow and then one day we wake up to find we are just perpetuating a boom-bust cycle.

Q Why haven't government attempts to stimulate the economy worked over the last decade?

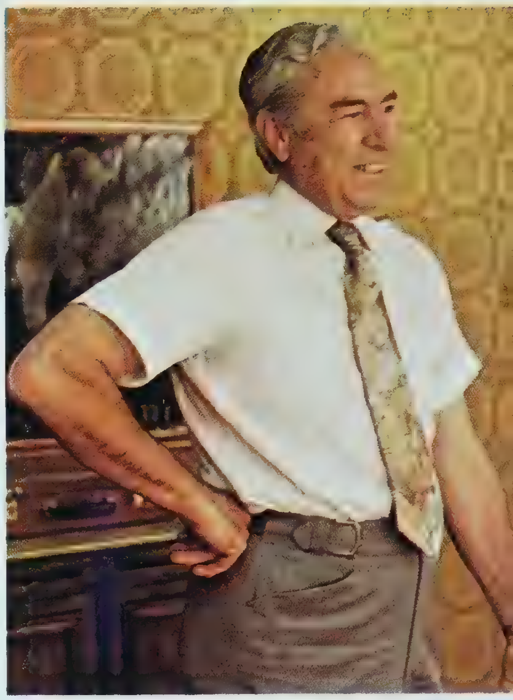
A Because legislators followed the psychology that if a little stimulation is good, a large dose of stimulation is even better. This has led to overheating the economy and initiated a fatal pattern of too-fast growth followed by stagflation, followed by recession. That's exactly the prospect we face again in 1977 unless Congress can restrain itself and accept a policy that will permit economic recovery to progress at a slow rate. The advantage to this kind of recovery is that it is sustainable indefinitely.

Q Does Federal spending have to go up year after year?

A It doesn't have to, but it will . . . unless we apply some badly needed correctives and adopt some tough new attitudes. The major reason we have inflation in this country is because we are chronically in debt to support a governmental edifice of huge proportions. We have today literally hundreds of regulatory agencies and thousands of programs that were enacted into law and have been running automatically ever since, making quantum leaps in their staffing and budget every year. That's the mathematics of Federal bureaucracy. Two of the most powerful brakes on annual acceleration of Federal spending would be enactment of the Zero-Based Budget Bill, which would require agencies to begin with a zero-based budget every four years, and the so-called "sunset laws," that would require every Federal program to justify its existence every three years and then either be re-authorized or terminated.

Q You seem to be saying that government spending caused the 1973-74 inflationary spiral.

A Absolutely. Inflation is the price we pay for too much government and for government spending that won't quit long after tax money is exhausted. Today the national debt stands at $663 billion and we have over 15 million public employees. Among other excesses, we have over 1,000 domestic assistance programs in existence today versus 100 in 1961. If we don't soon address ourselves to the task of controlling and containing both the size and the spending habits of government, then we can look forward to chronic inflation of a type that will make the 1973-74 bout look positively benign.



Q What is the mood of the American consumer and what implication does this have for business in 1977?

A It is inevitable that years of economic turmoil have heightened the sensitivity of the American consumer. For one thing, consumers remain very cautious and the expectation of inflationary flareups is still running high. However, I think if economic recovery is well-paced and steady, without an upsetting inflationary burst, we'll see consumer confidence quicken in response. This slow, tempered recovery will also be of longer duration, with some economists predicting it can extend through 1980.

Q Has business changed in the face of the economic softness of recent years?

A I think so. Certainly there is evident a new conservatism in business as a result of the burden of trying to finance high inflation. Management is

paying more attention to controlling inventories and trimming receivables, to asset management, cash flow, liquidity, equity financing versus debt. A lot of companies have realized that profitability is as much a matter of internal control as it is expansion of business. This is all to the good, of course, but it doesn't do a thing to create new jobs and employment opportunities. Only expansion policies and new capital investment can do that.

Q What about unemployment? Is there an acceptable way to create more jobs without heating up the economy?

A Essentially there are two ways to create jobs, both of which were proposed to Congress in 1976 and will undoubtedly be reintroduced in 1977. The first measure would be drastically inflationary . . . that of providing a government-financed job to every person who is employable but who can't find work in the private sector. The problem is that it takes a lot of tax money and still more Federal debt to finance this kind of full employment scheme and that's the shortest, fastest route back to double-digit inflation. The other method of creating jobs is to create them in private industry through the expedient of offering tax incentives to expand and modernize plants and equipment. The kind of jobs created this way are *real* jobs in the productive sector, not public service jobs whose only visible means of support is the tax dollar.

Q There has been so much anti-business legislation and bias lately. Where is this leading and who does it affect?

A Ironically it strikes hardest at those it purports to protect . . . employees, shareholders and consumers. Consider just the matter of excessive regulation, for instance. Many companies simply cannot absorb the cost of complying with excessive regulation and end up cutting staff or going out of business. What kind of solace is it to a laid-off employee to know that it wasn't economic softness that did him in, but protectionist legislation? What about consumers who have to absorb, via hikes in the cost of goods and services, the over $130 billion a year that it costs to comply with regulatory bodies? What about shareholders who are penalized because the high cost of compliance causes earnings to dwindle to a trickle and dividends to likewise shrink?

Q I assume then you favor efforts such as the move to end double taxation of earnings?

A I certainly do. I strongly support efforts to exclude the dividends of domestic corporations from the taxable income of shareholders. The major segment of American business is owned not by the Rich and the Super-rich, but by ordinary working people. Why should earnings be taxed once at the corporate level and again as individual income?

Q Where does the anti-business bias originate?

A In the inability of legislators to understand that government is not a generator of wealth but only an allocator of the wealth created by others . . . specifically the working men and women of this country. The only source of wealth I know of for financing all the altruistic pursuits government has undertaken, is employed people working for profitable businesses, both of whom pay taxes. To sandbag, penalize and restrain the profit-making ability of the private sector is the worst sort of politics.

Executive Profiles

James L. Kerrigan
Executive Vice President — Transportation
The Greyhound Corporation

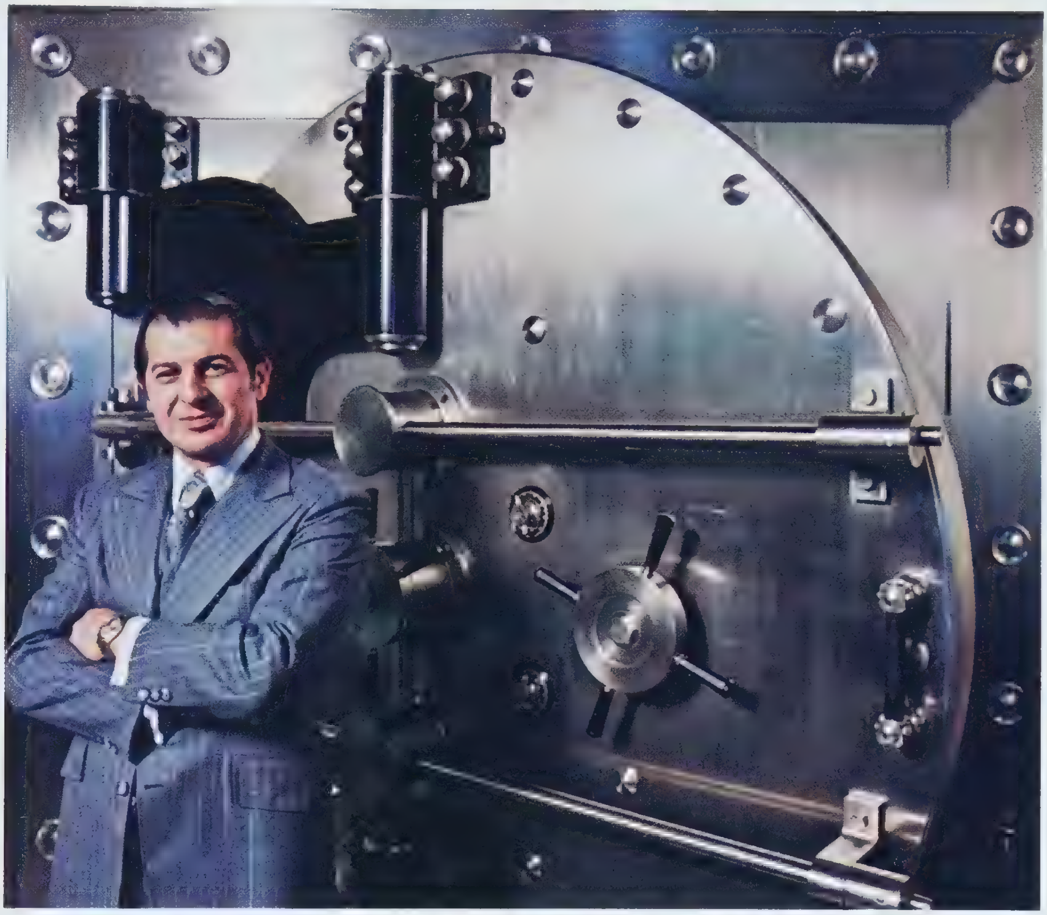
All of Greyhound's transportation operations in the U.S., Canada and South Korea are the responsibility of Executive Vice President James L. Kerrigan, who began as a Greyhound trainee 30 years ago. He perceives Greyhound Lines as the country's national transportation system, "serving over 60 million passengers a year in over 15,000 communities, most of which aren't served by rail or air." Considered the dean of the bus industry and its leading spokesman, Kerrigan has long been viewed as a champion of progress rather than a guardian of orthodoxy. Under his aegis, Greyhound's MC-8 bus has become the largest selling intercity bus in the world and the Greyhound Ameripass is recognized worldwide as the best, low-cost way to see America. Industry-wide, he has led the fight for wider intercity buses, a national transportation policy, a unified voice promoting U.S. tourism, and, most importantly, for imposing fiscal responsibility on Amtrak.

Executive vice president of finance since 1971, Ralph C. Batastini has been with Greyhound for 20 years in financial posts that included financial analyst, treasurer and vice president-finance. Batastini is firmly committed to directing the financial resources of the corporation to achieve maximum return on its monetary assets. "In view of inflationary expectations, it is more important than ever that funds be allocated to investments that have prospects of returning cash flows well in excess of future rates of inflation," he emphasizes. "To assure the availability of funds for future investment opportunities, we have made several successful offerings in the public debt market in the last two years." Batastini is also chairman of Greyhound's two leasing companies and has been involved in financing their growth since their acquisition in 1962.

Clifton B. Cox combines the best of two worlds . . . theoretical and practical . . . in his post as chief of Armour and Company operations. For 10 years prior to joining Armour in 1960, Cox was a professor of agricultural economics at Purdue University where he took his PhD. Few executives in the food industry know the agri-business with the thoroughness and insight that Cox possesses. From livestock supplies to feed prices to the economics of the commodities market, Cox has a finger on the pulse of agriculture. "To maximize profit we watch the American consumer closely," he explains. "We also monitor events as disparate as elections abroad and the corn crop at home. We try to project our planning five or more years out in time." Cox is also responsible for Armour's extensive consumer product and pharmaceutical operations.

In addition to the chairman, several key men help shape the policies and set the directions of the corporation. These men, members of Greyhound's Executive Office, are shown in the photo-essays below.

Ralph C. Batastini
Executive Vice President — Finance
The Greyhound Corporation



Clifton B. Cox
Executive Vice President-Armour
The Greyhound Corporation

Key Subsidiaries

TRANSPORTATION

Greyhound Lines
world's largest intercity passenger carrier, serving all 48 continental states, to Mexico and Canada

Greyhound Lines of Canada
tour and intercity bus service throughout Canada and to Alaska

Korea Greyhound Ltd.
intercity bus service in South Korea

Texas, New Mexico & Oklahoma Coaches
tours to Carlsbad Caverns and intercity bus service linking key Southwestern cities

Vermont Transit
intercity bus service between cities in Maine, Massachusetts, New Hampshire, New York and Vermont

Airport Transportation and Leisure Travel

American Sightseeing Tours
charter bus service and bus transportation to race tracks in and around Miami Beach; sightseeing in the Miami area and throughout Florida

Atlanta Airport Transportation
transportation between Atlanta Airport and various designated points in Georgia, including Atlanta

Brewster Transportation Company
sightseeing, all-expense tours, hotels and service stations in the Canadian Rockies at Banff, Lake Louise and Jasper

California Parlor Car Tours Company
deluxe, escorted motor coach tours of scenic and historic California

Carey Transportation
airport ground transportation between Manhattan and New York-area airports

Gray Line of New York
sightseeing tours in the New York area

Gray Line of San Francisco
sightseeing tours in the San Francisco area

Greyhound Airport Service
ground transportation between Washington, D.C. and Washington National Airport and Dulles International Airport

Greyhound World Tours
pre-planned independent and escorted tours

Loyal Travel Service
multiple office full-line travel agency service

Red Top Sedan Service
exclusive limousine service at Miami International Airport for Dade and Broward counties in Florida

Royal Hawaiian Tours
tours, airport transfer service, taxis at several important hotels in Hawaii

Manufacturing

Motor Coach Industries
bus manufacturing in Winnipeg, Canada and Pembina, N.D.

Transportation Manufacturing Corporation
bus manufacturing in Roswell, New Mexico

Universal Coach Parts
computer-controlled inventory of repair and replacement parts for intercity and transit buses of all domestic and foreign makes

FOOD

Armour and Company
manufactures and distributes, through Armour Food Company, a broad range of fresh, processed and portion-control meats, poultry and other food products for consumer and institutional use

FOOD SERVICE

Faber Enterprises
restaurants and gift shops in major office buildings and transportation terminals in Chicago, Illinois, metropolitan area

Greyhound Food Management
centralized management and services coordinator of Greyhound's food service operations

Post Houses
restaurants coast to coast, primarily in bus terminals; also candy, gifts and souvenirs

Prophet Foods Company
food service management organization serving industry, banks and other commercial establishments, colleges, schools, hospitals and nursing homes; route vending in selected cities

Restaura
restaurant design and engineering and food service management throughout Belgium

FINANCIAL

Greyhound Computer Corporation
computer leasing and sales in the United States, Canada, Mexico and Europe, and two data processing centers in the U.S. and one in the U.K.

Greyhound Leasing & Financial Corporation
worldwide industrial equipment leasing

CONSUMER PRODUCTS AND PHARMACEUTICALS

Armour-Dial
manufactures and markets a wide variety of grocery, personal care and household products for the consumer

Armour International
manufactures and/or markets the consumer products of Armour-Dial and the pharmaceuticals and chemicals of Armour Pharmaceutical in more than 100 countries

Armour Pharmaceutical
manufactures and markets ethical pharmaceuticals and diagnostics and chemicals in both foreign and domestic trade

Malina Company
manufactures and markets wide variety of yarns for handknitting and hobbycraft use under Malina name and "Fruit of the Loom" trademark (under license). Also produces spun synthetic yarns for major sweater and sportswear manufacturers

SERVICES

Aircraft Service International
ground-handling services such as into-plane fueling for major domestic and foreign airlines, plus non-airline maintenance and janitorial services throughout the United States and in Puerto Rico, Barbados and Santo Domingo. Similar services are provided in the Bahamas by *Nassau Air Dispatch*

Border Brokers
Canada's first and largest customs broker and international freight-forwarder

Consultant & Designers
technical services, temporary office and blue collar help and marketing display and exhibit design and construction services to industry and government

Dispatch Services
ground-handling and other services to airlines at Miami International Airport. Similar services provided at Freeport in the Bahamas by *Freeport Flight Services, Ltd.*

Florida Export Group
duty-free retail shops at Miami International Airport, a wholesale duty-free business for export, duty-free shops and services on cruise ships operating out of Miami and New Orleans. Also catalog sales of quality gift items

Greyhound Exposition Services
complete convention and exhibitors services provided by *Las Vegas Convention Service,* Las Vegas, Nevada; *Manncraft Exhibitors Service,* Kansas City, Missouri and Miami, Florida, and *Wernecke Studios,* Chicago, Illinois. Also includes an audio-visual company, *Global Productions,* with facilities for creating and producing multi-media shows, stage productions, TV commercials, motion pictures and film documentaries

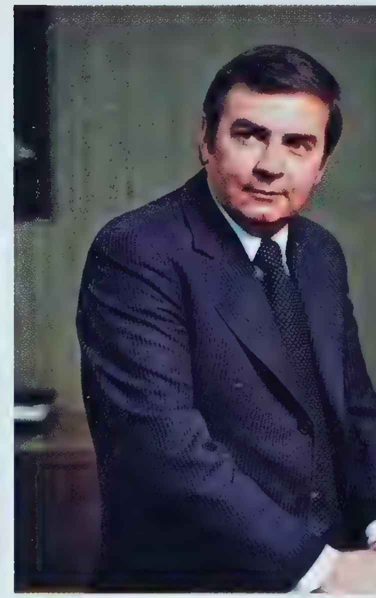
Greyhound Rent-a-Car
car leasing with unlimited free mileage on a daily, weekly or monthly basis in major Florida cities and at Atlanta, New Orleans and Phoenix

Greyhound Support Services
coordinates the many areas of Greyhound activity into a consolidated effort in securing broad scale service contracts with industry and government agencies throughout the world

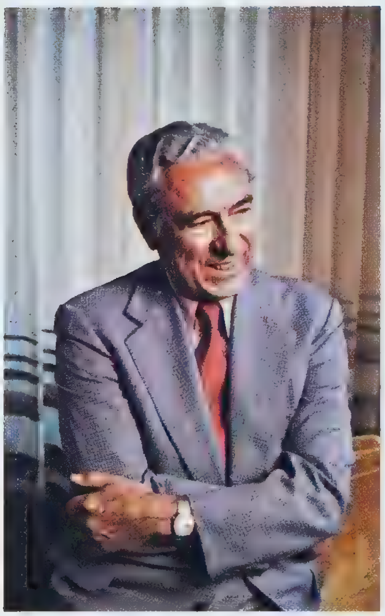
Travelers Express Company
nation's second-largest money order firm

Board of Directors

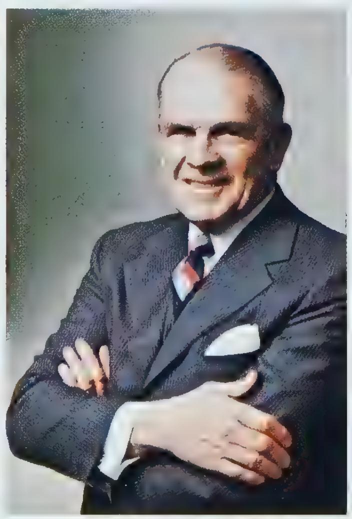
Robert Minge Brown   Ralph C. Batastini



James L. Kerrigan



Gerald H. Trautman



Harold C. Stuart

James W. Walker   David L. Duensing   John H. Johnson

WILLIAM R. ADAMS *New York, New York*
Retired Chairman & Director, St. Regis Paper Company

RALPH C. BATASTINI *Phoenix, Arizona*
Executive Vice President — Finance, The Greyhound Corporation

HOWARD BOYD* *Houston, Texas*
Chairman, The El Paso Company, operator of oil and gas pipelines

ROBERT MINGE BROWN* *San Francisco, California*
Partner in the law firm of McCutchen, Doyle, Brown & Enerson

CLIFTON B. COX *Phoenix, Arizona*
Chairman, Armour and Company &
Executive Vice President — Armour, The Greyhound Corporation

DAVID L. DUENSING *Phoenix, Arizona*
President, Armour and Company &
Group Vice President — Armour-Dial, The Greyhound Corporation

FRANK R. D. HOLLAND *London, England*
Chairman, C. E. Heath & Co., Limited, an international insurance broker and managing agent for an underwriting syndicate of Lloyd's of London

JOHN H. JOHNSON* *Chicago, Illinois*
President, Johnson Publishing Company, Inc., and
Chairman, Supreme Life Insurance Company

JAMES L. KERRIGAN *Phoenix, Arizona*
Chairman & Chief Executive Officer, Greyhound Lines, Inc., and
Executive Vice President — Transportation & Bus Manufacturing,
The Greyhound Corporation

Howard Boyd   Raymond F. Shaffer

Clifton B. Cox

Donn B. Tatum

Leslie B. Worthington

William R. Adams Frank R. D. Holland

John M. Martin

Rankin M. Smith

JOHN M. MARTIN *Wilmington, Delaware*
Chairman, Hercules Incorporated, manufacturer of chemical products and related industrial systems

RAYMOND F. SHAFFER * *Phoenix, Arizona*
President, The Greyhound Corporation

RANKIN M. SMITH *Atlanta, Georgia*
Director, Life Insurance Company of Georgia

HAROLD C. STUART *Tulsa, Oklahoma*
Partner in the law firm of Doerner, Stuart, Saunders, Daniel & Langenkamp

DONN B. TATUM *Los Angeles, California*
Chairman, Walt Disney Productions

GERALD H. TRAUTMAN * *Phoenix, Arizona*
Chairman & Chief Executive Officer, The Greyhound Corporation

JAMES W. WALKER *New York, New York*
Investment Management

Honorary Director

LESLIE B. WORTHINGTON *Pittsburgh, Pennsylvania*

Elected in February, 1977, but not pictured

JOHN B. CONNALLY *Houston, Texas*
Partner in law firm of Vinson, & Elkins

SAMUEL A. CASEY *Stamford, Connecticut*
Chairman, President & Chief Executive Officer, Great Northern Nekoosa Corporation, a paper manufacturer and distributor

* Member Executive Committee

OFFICERS
THE GREYHOUND CORPORATION

CORPORATE EXECUTIVE OFFICE

GERALD H. TRAUTMAN
Chairman & Chief Executive Officer

RAYMOND F. SHAFFER
President

RALPH C. BATASTINI
Executive Vice President — Finance

CLIFTON B. COX
Executive Vice President — Armour

JAMES L. KERRIGAN
Executive Vice President — Transportation & Bus Manufacturing

GROUP VICE PRESIDENTS

JOHN E. ADKINS
Group Vice President — Transportation

ROBERT J. BERNARD
Group Vice President — Services

W. CARROLL BUMPERS
Group Vice President — Leasing

DAVID L. DUENSING
Group Vice President — Armour-Dial

JOHN W. TEETS
Group Vice President — Food Service

CORPORATION STAFF OFFICERS

CLARENCE H. BEHN
Vice President — Comptroller

JOE BLACK
Vice President — Special Markets

GEORGE T. CHRISTIE
Vice President — Secretary

JAMES T. CORCORAN
Vice President — Government Affairs

HERBERT J. DeGRAFF
Vice President — Australasia

ROBERT M. EGNER
Vice President — Insurance

ARMEN ERVANIAN
Vice President — Real Estate

CARL J. FLEPS
Vice President — Administration

ROBERT E. GOCKE
Vice President — Industrial Relations & Personnel

F. EDWARD LAKE
Vice President — Treasurer

DOROTHY A. LORANT
Vice President — Public Relations & Advertising

ROBERT O. LOWE
Vice President — Assistant Comptroller

PETER B. McMANUS
Vice President — Planning

GEORGE B. MICHELSON
Vice President — Internal Auditing

LOUIS R. MILLER
Vice President — General Counsel

ARTHUR F. MITCHELL
Vice President — Purchasing

HAROLD D. ROSOFF
Vice President — Food Manufacturing

STANLEY L. SEGAL
Vice President — Florida

H. EARLE TRULOVE
Vice President — Systems & Services

THEODORE J. C. VAN SCHELVEN
Vice President — Europe

RALPH J. WEHLING
Vice President — Taxes & Assistant Secretary

(List of officers compiled as of March 31, 1977)

OTHER EXECUTIVES
THE GREYHOUND CORPORATION

KEITH A. JENKINS
General Solicitor

L. GENE LEMON
Senior Assistant General Counsel

HERBERT R. NELSON
Senior Assistant General Counsel

DONALD R. KANZLER
Assistant General Counsel

WILLIAM L. McCRACKEN
Assistant General Counsel

PETER J. NOVAK
Assistant General Solicitor

JOHN T. NYGREN
Assistant General Counsel

ROBERT E. WILMOTH
Assistant General Counsel

FREDERICK G. EMERSON
Assistant Secretary

RONALD G. NELSON
Assistant Treasurer

DONALD E. PETERSEN
Assistant Comptroller

Armour and Company
Phoenix, Arizona

CLIFTON B. COX
Chairman & Chief Executive Officer

DAVID L. DUENSING
President & Chief Operating Officer

ALBERT S. DRAIN
Executive Vice President — Food

JOHN W. KEAYS
Executive Vice President — Pharmaceutical

FREDERICK B. RENTSCHLER
Executive Vice President — International

DONALD J. SHAUGHNESSY
Executive Vice President — Armour-Dial

CLARENCE H. BEHN
Vice President, Corporate Controller & Assistant Secretary

FRANK E. STEHLIK
Vice President — Administration

LOUIS R. MILLER
Vice President, Secretary & General Counsel

F. EDWARD LAKE
Treasurer

Faber Enterprises, Inc.
Chicago, Illinois

MILTON D. FABER
Chairman & Treasurer

DONALD R. MURPHY
President

JEROME H. WILNEFF
Vice President, Secretary & Controller

Pine Top Insurance Company
Chicago, Illinois

ROBERT M. EGNER
President

RICHARD B. ZOLLER
Vice President — Investments

WILLIAM C. SNYDER, JR.
Vice President — Chicago

PAUL WATTS
Vice President — Controller

RICHARD A. BOVE
Assistant Controller

ROBERT J. STANKIEWICZ
Assistant Secretary — Chicago

Research Information Center, Inc.
Phoenix, Arizona

JACK H. COHEN
Chairman

HILDA N. BARNES
President

JOHN F. UHLES
Vice President

OFFICERS
TRANSPORTATION

Greyhound Lines, Inc.
Phoenix, Arizona

JAMES L. KERRIGAN
Chairman & Chief Executive Officer

HARRY J. LESKO
President & Chief Operating Officer

JACK H. COHEN
Executive Vice President — Leisure Travel

ROBERT E. HOLLAND
Executive Vice President — Maintenance

FRANK L. NAGEOTTE
Executive Vice President — Manufacturing

FREDERICK P. DUNIKOSKI
Vice President

ROBERT J. FORMAN
Vice President — Safety

ELLIOT E. HEIT
Vice President — International Service Division

CHARLES D. KIRKPATRICK
Vice President — Sales

WARREN C. MARGGRAF
Vice President — Architectural Engineering & Property

VERN L. MIDDLETON
Vice President — Regulatory Relations

ALVIN E. PENDLETON
Vice President Comptroller & Assistant Secretary

EARL E. SHEW
Vice President — Industrial Relations & Personnel

JOSEPH G. STIEBER
Vice President — Engineering

JEROME M. THIELEN
Vice President — Package Express

ROBERT L. WILSON
Vice President — Traffic

LILBURN D. RANDAHL
Vice President — Accounting, West

WILLIAM F. TRITTON
Vice President — Accounting, East

JAMES W. CABLE
Regional Vice President

ROBERT N. DICK
Regional Vice President

LEROY LOGSDON
Regional Vice President

ALBERT L. McLAUGHLIN
Regional Vice President

JAMES NENOW
Regional Vice President

BALLARD L. PEYTON
Regional Vice President

KENNETH B. SATROM
Regional Vice President

Greyhound Lines of Canada Ltd.
Calgary, Alberta, Canada

ROBERT L. BORDEN
President & General Manager

JAMES A. KNIGHT
Vice President & Secretary

BRUCE B. TYSON
Vice President — Transportation & Labour Relations

FLOYD L. MOGEN
Vice President — Marketing & Traffic

CLIVE L. COX
Comptroller & Assistant Secretary

Greyhound de Mexico, S.A. de C.V.
Mexico City, Mexico

GERALD H. TRAUTMAN
President

JORGE GUERRERO
General Manager

Korea, Greyhound, Ltd.
Seoul, Korea

KUKWHAN SUL
President

EVERETT C. CROES
Executive Vice President

RUDY BURICK
Vice President — Maintenance

KYUNG-WHAN KIM
Vice President — Operations

JIN-KU RHEE
Vice President — Administration

Motor Coach Industries Limited
Winnipeg, Manitoba, Canada

ROBERT L. BORDEN
Chairman

GEORGE E. MASON
President & Chief Executive Officer

WERNER MARTIN
Vice President — Production

RONALD S. MATTHEWS
Vice President — Comptroller & Assistant Secretary

THOMAS LUFF
Vice President — Sales & Service

FRANK M. MARTIN
Assistant Comptroller & Assistant Secretary

New Mexico Transportation Company, Inc.
Roswell, New Mexico

DAVID M. PARSONS
President, Chief Executive Officer & Treasurer

PAT L. FUQUA
Comptroller & Secretary

JAMES L. FOSTER
Assistant Secretary

Texas, New Mexico & Oklahoma Coaches, Inc., Lubbock, Texas

CLYDE M. OWENS
Chairman

ROBERT D. GREENHILL
President

RONNIE E. HARSTON
Secretary & Comptroller

Romex, Inc.
Roswell, New Mexico

EARL T. CUMMINGS
President

FREDERICK A. SLEEP
Vice President & General Manager

Transportation Manufacturing Corporation
Roswell, New Mexico

EARL T. CUMMINGS
President

FRANK R. DILL
Vice President, Comptroller & Assistant Secretary

RICHARD L. GARRINGER
Vice President — Production

EDWARD J. WICKENDEN
Vice President — Manufacturing

Universal Coach Parts, Inc.
Northlake, Illinois

FRANK L. NAGEOTTE
President

JOSEPH H. RAZOOK
Vice President — General Manager

PATRICK SWOPE
Comptroller & Assistant Secretary

American Sightseeing Tours of Miami
Miami, Florida

STANLEY L. SEGAL
Chairman

NORTON M. SEGAL
President

JEROME H. NUDELMAN
Executive Vice President

JACK H. COHEN
Vice President

LOUIS CICERONE
Vice President & Assistant Secretary

Atlanta Airport Transportation, Inc.
Atlanta, Georgia

STANLEY L. SEGAL
Chairman

NORTON M. SEGAL
President

RICHARD W. MERRITT
Vice President & General Manager

JACK H. COHEN
Vice President

Brewster Transport Company, Ltd.
Banff, Alberta, Canada

ROBERT L. BORDEN
Chairman

JOHN H. HAYES
President & General Manager

DAVID G. MORRISON
Vice President — Administration & Comptroller

J. BARRY SALTER
Vice President — Transportation

California Parlor Car Tours Company
San Francisco, California

JACK H. COHEN
President

BIPPIN RAMAIYA
Vice President & General Manager

Carey Transportation, Inc.
New York, New York

JACK H. COHEN
President

WILLIAM A. SANDERS
Executive Vice President

JEROME FISHER
Comptroller & Assistant Secretary

Frank Fair Industries Ltd.
Winnipeg, Manitoba, Canada

GEORGE E. MASON
President

RONALD S. MATTHEWS
Vice President — Comptroller & Assistant Secretary

FRANK M. MARTIN
Assistant Comptroller & Assistant Secretary

The Gray Line, Inc.
San Francisco, California

JACK H. COHEN
President

RAMON C. FERNANDEZ
Vice President — Comptroller

DANA L. MATONIS
Vice President — Operations

Gray Line New York Tours Corp.
New York, New York

KENNETH ENGELHARDT
President

WILLIAM A. SANDERS
Executive Vice President

Greyhound Airport Service, Inc.
Washington, D.C.

JACK H. COHEN
President

JOHN F. DONOHUE
Vice President & General Manager

Greyhound Royal Hawaiian Transportation Co., Ltd.
(Trade Wind Transportation Co., Ltd.)

JACK H. COHEN
President

FRANK W. PEPPIN
Executive Vice President & General Manager

BERTHA KANOA
Executive Vice President — Group Travel

MARY HERMAN
Vice President — Marketing

POLI TONKIN
Vice President — Public Relations

Greyhound World Tours, Inc.
Phoenix, Arizona

ROBERT E. HALPIN
President

NORMAN M. BECKER
Vice President

HELMER T. ANDERSON
Comptroller

Loyal Travel, Inc.
Phoenix, Arizona

JOHN W. POWELL
President

JACK H. COHEN
Vice President

MCI Acceptance Corp.
Winnipeg, Manitoba, Canada

JAMES L. KERRIGAN
President

RALPH C. BATASTINI
Vice President

GEORGE E. MASON
Vice President

RONALD S. MATTHEWS
Vice President — Comptroller

Red Top Sedan Service, Inc.
Miami, Florida

STANLEY L. SEGAL
Chairman

NORTON M. SEGAL
President

JEROME H. NUDELMAN
Executive Vice President

JACK H. COHEN
Vice President

LOUIS CICERONE
Vice President & Assistant Secretary

Sun Valley Bus Lines, Inc.
Tanner Gray Line of Phoenix, Inc.
Phoenix, Arizona

JACK H. COHEN
President

B. J. COX
Vice President — Sales

WILBUR E. HEATH
Vice President — Operations

Vermont Transit Co., Inc.
Burlington, Vermont

ROBERT F. THOMPSON
Chairman

CHARLES E. IRISH
President

JOHN J. DWYER
Vice President & Assistant Secretary

ROGER F. McCORMICK
Comptroller & Assistant Secretary

Walters Transit Corporation
New York, New York

KENNETH ENGELHARDT
President

WILLIAM A. SANDERS
Executive Vice President

OFFICERS FOOD

Armour Food Company
Phoenix, Arizona

ALBERT S. DRAIN
President & Chief Executive Officer

EVAN F. BINKERD
Vice President — Research

LELAND W. HORTON
Vice President & Controller

ROBERT D. RIERSON
Vice President Transportation & Distribution

HAROLD D. ROSOFF
Vice President — Manufacturing

WILLIAM J. SHEA
Vice President — Industrial Relations

JAKE STAHL
Vice President — Labor Relations

Food Marketing Division

HUGH M. COKE
Executive Vice President — Field Units

JAMES A. deTARR
Executive Vice President — Marketing

WILLIAM T. HOGAN
Vice President — Western Area

BILLY B. KEMP
Vice President — Decker Area

GORHAM W. HUSSEY
Vice President — Eastern Area

KENNETH J. MALECKY
Vice President — Operations

EDWARD C. NORBUT
Vice President — Midwest Area

RODNEY E. STEPHENS
Vice President — Southern Area

ROBERT W. ALSTRIN
Vice President — Food Service Marketing

THOMAS J. FLEMING
Vice President — Fresh Meats Marketing

KENNETH A. POGGI
Vice President Branded Products Marketing

FRANK X. TOBIN
Vice President National Account Sales

Fresh Meats Division

WALLACE L. TUNNELL
Executive Vice President and Manager Fresh Meats Division

BEN DENTON
Vice President — Beef, Lamb & Veal Division

CARL F. HERRMANN
Vice President — Pork Division

Dairy, Poultry & Oils Division

HUGH L. MOORE
Vice President — Manager, Dairy, Poultry & Oils Division

DONALD E. WHARTON
Vice President — Manager, Turkey Division

OFFICERS FOOD SERVICE

Greyhound Food Management, Inc.
Phoenix, Arizona

JAMES L. KERRIGAN
Chairman

JOHN W. TEETS
President & Chief Executive Officer

ERMO S. BARTOLETTI
Vice President — Comptroller, Assistant Secretary & Assistant Treasurer

EUGENE W. BRONSKI
Vice President & Corporate Counsel

JANICE GARR
Vice President — Quality Assurance

ROBERT V. JONES
Vice President — Special Markets

PAUL A. WEBER
Vice President — Human Resources & Industrial Relations

Post Houses, Inc.
Phoenix, Arizona

JOHN W. TEETS
Chairman & President

ALBERT E. SMITH
Vice President & Chief Operating Officer

RICHARD T. ALBERTI
Vice President — General Manager Eastern Division

RICHARD E. MARKUSON
Vice President — General Manager Central Division

ROBERT E. O'DONNELL
Vice President — General Manager Western Division

Prophet Foods Company
Phoenix, Arizona

JOHN W. TEETS
Chairman & President

ROBERT S. NAGLE
Executive Vice President & Chief Operating Officer

MARGUERITE A. HOWLEY
Vice President — Nutritional Care Services

ROBERT D. MEYER
Vice President — Marketing and Sales

JOSEPH K. FASSLER
Vice President — General Manager Eastern Division

NORMAN E. LANQUIST
Vice President — General Manager Western Division

ROBERT E. VAN STEE
Vice President — General Manager Michigan Division

JESS D. WATSON
Vice President — Sales Western Division

JOSEPH L. WHORIC
Vice President — General Manager Central Division

Restaura, S.A.
Brussels, Belgium

J. PETER LAURSEN
President & Managing Director

A. J. BEANE
Director of Marketing

MICHEL CHAPEAUX
Director of Technical Services

EMILE LE RYCKE
Director of Purchasing & Analysis

PIERRE PLASMAN
Administration & Financial Director

OFFICERS LEASING, FINANCIAL AND COMPUTERS

Greyhound Leasing & Financial Corporation, Phoenix, Arizona

ROBERT W. BERTRAND
President & Chief Executive Officer

ROBERT E. DELL 'ARTINO
Executive Vice President — Marketing

BERNARD A. ROTH
Executive Vice President — Finance

RICHARD L. WALTERS
Executive Vice President

WALTER L. CROWLEY
Senior Vice President

ROBERT H. DAMM
Vice President & Assistant Secretary

JAMES T. FOLEY
Vice President & Assistant Secretary

RICHARD S. GRIM
Vice President — International

RONALD A. MERINGER
Vice President — Latin American

DAVID H. RENTSCHLER, JR.
Vice President — Europe & Far East

MARTIN G. ROTH
Vice President & Assistant Secretary

T. GERALD CHILTON, JR.
Corporate Counsel & Assistant Secretary

J. DAVID COMBS
Secretary

ROBERT J. FITZSIMMONS
Treasurer

BRUNO A. MARSZOWSKI
Comptroller

Greyhound Leasing & Financial of Canada, Ltd., Toronto, Ontario, Canada

W. CARROLL BUMPERS
Chairman

ROBERT L. BORDEN
President

ROBERT E. MATTHEWS
Vice President & General Manager

HANNE LANG
Comptroller & Assistant Secretary

RUPERT F. RIGHTON
Secretary

Greyhound Financial & Leasing Corporation, AG, Zug, Switzerland

SAUL G. MARIAS
Manager

Century Greyhound Leasing & Financial Corporation, Tokyo, Japan

FRED J. KLEIN
Managing Director

YOSHIO FUJITA
President

TOSHITAKE SAKAMOTO
Managing Director

MASAO ICHIDA
Managing Director

Greyhound Computer Corporation
Phoenix, Arizona

RALPH C. BATASTINI
Chairman

OLIE E. SWANKY
President & Chief Executive Officer

WILLIAM J. BRESNAHAN
Executive Vice President

GORDON B. CLARKE
Senior Vice President

RICHARD C. STEPHAN
Vice President & Comptroller

LEVON KASARJIAN, JR.
Vice President & Secretary

ROBERT C. KIBLER
Vice President & Treasurer

Greyhound Computer of Canada Ltd.
Toronto, Ontario, Canada

W. DONALD MAUNDER
President & Chief Executive Officer

Greyhound Computer Services Limited & The Management Dynamics Group
London, England

BRIAN CHORLTON
Managing Director

Bresnahan Computer Corporation
Phoenix, Arizona

WILLIAM J. BRESNAHAN
President

Computadoras Industriales, S.A. de C.V.
Mexico City, Mexico

ANDRES CONTRERAS
General Manager

Computer Leasing Company
Arlington, Virginia

OLIE E. SWANKY
President

EDP Resources, Inc.
Phoenix, Arizona

OLIE E. SWANKY
President

Traleascorp, Inc. & D.S., Inc.
Austin, Texas

WILLIAM J. BRESNAHAN
President

OFFICERS CONSUMER PRODUCTS AND PHARMACEUTICALS

Armour-Dial Company
Phoenix, Arizona

DONALD J. SHAUGHNESSY
President & Chief Executive Officer

ARTHUR MALINA
Executive Vice President — Malina

EDWARD J. WALSH
Executive Vice President — Marketing

W. T. BENNETT
Vice President — Operations Services & Planning

BERNARD F. CARPENTER
Vice President — Transportation & Distribution

DAVID A. DAVIES
Vice President — Marketing Services

PHILIP J. DION
Vice President — Controller

VINCENT D. GEIMER
Vice President — Personnel & Industrial Relations

DONALD E. McOSKER
Vice President — Research & Development

PERRY D. ODAK
Vice President — Operations

WILLIAM H. WINDHAM
Vice President — Sales

JAMES N. BRYANT
Vice President — Sales, Western Region

ALLAN R. DeBOLT
Vice President — Sales, Eastern Region

NEILL C. MARSH
Vice President — Sales, Southwest Region

ROBERT A. MURPHY
Vice President — Sales, West Central Region

JAMES E. RINKEL
Vice President — Sales, Southeastern Region

WILLIAM R. WILSON
Vice President — Sales, East Central Region

CHARLES H. FERRY
Vice President — Sales, National Accounts & Trade Relations

WILLIAM C. GOULDING
Vice President — Sales, Special Markets

Armour Pharmaceutical Company
Phoenix, Arizona

JOHN W. KEAYS
President & Chief Executive Officer

HAROLD C. JOHNSON
Executive Vice President — Operations

FRANK S. LAKEY
Executive Vice President — Marketing

JOSEPH P. DAILEY
Vice President — Research & Development, Pharmaceuticals

DONALD R. DAOUST
Vice President — Quality Assurance & Regulatory Compliance

RUDOLPH FERENTCHAK
Vice President — General Manager Reheis Chemical Division

EDWARD R. GEHRKE
Vice President — Personnel & Industrial Relations

KARL B. HANSEN
Vice President — Medical Affairs

JOHN W. KELLY
Vice President — Controller

ANDREW M. RUBINO
Vice President — Research & Development, Chemicals

Armour International
Phoenix, Arizona

FREDERICK B. RENTSCHLER
President & Chief Executive Officer

HERBERT G. COOPER, JR.
Vice President, Administration

LIONEL A. DORSAY
Vice President — Licensing & Product Development

HUGH D. HENNESSY
Vice President — Controller

ZUL M. DEVJI
Vice President — Operations

FRED S. DORADO
Vice President — Chemical Sales

Burn Treatment Skin Bank
Phoenix, Arizona

JOHN W. KEAYS
President

JOHN W. KELLY
Vice President

Blood Plasma Services, Inc.
Phoenix, Arizona

JOHN W. KEAYS
President

HAROLD C. JOHNSON
Vice President

Malina Company Inc.
New York, New York

ARTHUR MALINA
President

BEN CHARNAS
Executive Vice President

FRED H. DIAMOND
Executive Vice President

RICHARD J. ELLMAN
Vice President & Assistant Secretary

PHIL FRISCH
Vice President

CHARLES K. SEID, JR.
Vice President

NATHAN VAIMAN
Vice President

ARMANDO FERNANDEZ
Controller

OFFICERS SERVICES

Aircraft Service International Group
Miami, Florida

HOWARD J. BELL
President

WILLIAM H. YATES, JR.
Executive Vice President

LLOYD M. STAUFFER, JR.
Vice President

J. RUDGE LONES
Vice President — Planning

PAUL H. WYMAN
Treasurer

SAMUEL E. CHILDS
Regional Vice President

E. GARRY LESLIE
Regional Vice President

RICHARD A. SEAMAN
Regional Vice President

HAROLD W. WOODMAN
President — Nassau Air Dispatch Service, Limited

HENRY PAREDES
President — International Air Service of Puerto Rico, Inc.

Border Brokers Limited
Toronto, Ontario, Canada

HUGH P. THOMAS
Chairman

STEPHEN Y. HORSLEY
President & General Manager

JOHN KEMP
Executive Vice President

H. JAMES CHENEY
Vice President — Operations

CLIFFORD A. PRIEST
Vice President — Customs Consulting

RONALD M. WOOD
Vice President — Overseas Development

H. CARMEN ANDERSON
Vice President — Western Division

KENNETH W. BANKS
Vice President — Customs Consulting Western Division

CHARLES T. CONNORS
Vice President — Customs Consulting Central Division

SVEND O. JENSEN
Vice President — Central Division

DENNIS R. KING
Vice President — Eastern Division

GEORGE GUTHRIE
Vice President & Comptroller

Consultants & Designers Inc.
(Technical Services)
New York, New York

EDWARD J. BILOTTI
President

ANTHONY BERGAMO
Vice President

FLOYD CANTLON, JR.
Vice President

SHERMAN DAVIDOWITZ
Vice President

EDWARD T. DOBBYN, JR.
Vice President

LAWRENCE J. FEINBERG
Vice President — Comptroller

DAVID M. MARKOWITZ
Vice President and General Counsel

RAYMOND J. SLINGERMAN, JR.
Vice President

HARRY R. WILDING
Vice President

MAX S. ZARETSKY
Vice President — Contract Administration

Consultant & Designers (U.K.) Ltd.
London, England

RICHARD M. AVERY
Managing Director

Greyhound Exhibitgroup Inc.
Chicago, Illinois

LEO S. McDONALD, JR.
President

ANTHONY BERGAMO
Vice President

GERALD S. HOWARD
President — Exhibitgroup, Chicago

CHARLES V. LaROCCO
President — Exhibitgroup, Los Angeles and Exhibitgroup, San Francisco

LESLIE E. LEWIS
President — Exhibitgroup, New York

E. EARL HEINTZELMAN
President — Exhibitgroup, Cincinnati

ANTHONY VASTARDIS
Comptroller

Greyhound Temporary Personnel, Inc.
Greyhound Permanent Personnel, Inc.
New York, New York

HARRIS I. COHEN
President

HERBERT S. McDONALD
Executive Vice President

ANTHONY BERGAMO
Vice President

KATHERINE A. RICE
Vice President

CATHERINE A. BENZIN
Vice President

EDITH R. DOMROE
Vice President

FRANCINE M. HAUXWELL
Vice President

LAWRENCE J. FEINBERG
Vice President — Comptroller

Cadillac Display Corporation
Elmsford, New York

JOSEPH A. RUSSO
President

ANDELFO RUSSO
Executive Vice President

SAMUEL R. PATENT
Vice President

Dispatch Services Group
Miami, Florida

ROBERT H. HUBSCH
President & Chief Executive Officer

WESLEY R. VEDO
Vice President

MARLENE WALTERS
Vice President — Insurance & Payroll

DANILO J. PERTUZ
Vice President — Comptroller & Vice President — Finance Florida Aviation Fueling Co., Inc.

RALPH C. MILLER
President, Aircraft Service, Inc.

CHRIS RADEMAKER
Vice President & General Manager Freeport Flight Services Limited

ALLAN W. SCHWARTZ
Vice President & General Manager Florida Aviation Fueling Co., Inc.

ROQUE E. PEREZ
Vice President — Comptroller Florida Aviation Fueling Co., Inc.

Florida Export Group
Miami, Florida

A. EDWARD MERHIGE
President

MICHEL NASR
Vice President

MICHAEL G. MERHIGE
Vice President — Administration & Assistant Secretary

Greyhound Rent-a-Car, Inc.
Miami, Florida

WILLIAM W. SEGAL
Chairman & President

STANLEY L. SEGAL
Executive Vice President

MARTIN SAMSON
Senior Vice President

JACK H. COHEN
Vice President

MEL L. EDER
Vice President — Operations

JOHN S. McKENNA
Vice President & Assistant Secretary

NORMAN I. SEGAL
Vice President — Law & Insurance

NORTON M. SEGAL
Vice President

Greyhound Support Services, Inc.
Phoenix, Arizona

EDWARD H. WILLIAMS
President

THOMAS R. URBAN
Vice President — Operations

JOHN J. KEANE
Vice President

WAYNE A. WIGHT
Vice President

ROGER L. CLAIBORNE
Comptroller

Las Vegas Convention Service Co.
(Greyhound Exposition Services)
Las Vegas, Nevada

DAVID I. JAMISON
President

J. RICHARD JAMISON
Executive Vice President

J. WILLIAM JAMISON
First Vice President

BETTY J. NEIGHBORS
Vice President & Assistant Secretary

ARTHUR M. EASTMAN
Vice President & Assistant Treasurer

MARK SWAIN
Vice President — Sales

EARNEST H. BIGSBY
Vice President — Young & Rue Moving & Storage Division

GEORGE S. LUBIN
Vice President & General Manager Boardwalk Film Enterprises, Inc. & United Audio-Visual Corp.

NORTON D. RITTMASTER
Vice President — General Manager Los Angeles

WILLIS B. JONES, JR.
Vice President — Transportation

EARL STOKES
President — Vegas Van Lines

Greyhound Exposition Services, Inc.
(Manncraft Exhibitors Service)
Kansas City, Missouri

CHARLES J. MANNE
Chairman

LEON A. MANNE
President

JAMES M. MARTIN
Executive Vice President & Chief Operating Officer

MARK C. DUFFY
Vice President — Production

JAMES H. MAYES
Vice President — Controller

THOMAS C. PERRITT
Vice President — Sales

Wernecke Studios, Inc.
(Greyhound Exposition Services)
Chicago, Illinois

WILLIAM A. MUELLER
President

JAMES P. HOWE
Executive Vice President

HOWARD BAILEY
Vice President

ROBERT LOZIER
Vice President

EDWARD PEARLMAN
Controller

Travelers Express Company, Inc.
Minneapolis, Minnesota

ARTHUR S. MOORE
President

CLARENCE A. E. ANDERSON, JR.
Executive Vice President — Administration

WILLIAM G. ENNIS
Executive Vice President — Regions

JOHN S. CABOT
Vice President — Marketing

CHARLES L. HICKEY
Vice President — Security

WILLIAM S. HOWARD
Vice President — National Operations

DALE W. JOHNSON
Vice President & Comptroller

WALLACE H. MERTENSOTTO
Vice President — National Data Processing

DAVID D. SULLIVAN
Vice President — Assistant Secretary & Assistant Treasurer

1976 Financial Information

Summary of Operations (000 omitted)

	1976	1975	1974	1973	1972
Sales and Revenues	$3,738,147	$3,801,833	$3,513,039	$3,459,159	$2,991,469
Costs and Expenses:					
Operating costs	3,603,823	3,658,580	3,373,660	3,304,000	2,860,312
Interest	36,194	39,306	39,285	28,889	24,200
Income taxes	38,189	38,801	44,635	58,684	48,079
Minority interests	2,988	2,800	2,974	3,559	4,897
	3,681,194	3,739,487	3,460,554	3,395,132	2,937,488
Income of Continuing Operations of Greyhound and Consolidated Subsidiaries	56,953	62,346	52,485	64,027	53,981
Equity in Net Income of Unconsolidated Subsidiaries and Affiliated Companies	20,128	18,874	15,681	15,753	16,165
Income of Continuing Operations before Extraordinary Loss	77,081	81,220	68,166	79,780	70,146
Discontinued Operations			(10,211)	(3,372)	(42)
Extraordinary Loss					(3,256)
Net Income	$ 77,081	$ 81,220	$ 57,955	$ 76,408	$ 66,848
Income Per Share:					
Common and equivalents:					
Continuing operations	$1.76	$1.87	$1.62	$1.89	$1.67
Net income	1.76	1.87	1.37	1.81	1.59(1)
Assuming full dilution:					
Continuing operations	1.66	1.76	1.52	1.77	1.57
Net income	1.66	1.76	1.30	1.70	1.50(1)
Dividends Paid Per Common Share	$1.09	$1.04	$1.09	$1.04	$1.02
Average Outstanding Shares (000 omitted):					
Common and equivalents	43,727	43,440	42,190	42,120	41,901
Assuming full dilution	48,099	47,770	46,525	46,463	46,272

Financial Position (000 omitted)

	1976	1975	1974	1973	1972
Current Ratio	1.65:1	1.67:1	1.64:1	1.45:1	1.73:1
Working Capital	$ 195,205	$ 210,758	$ 200,237	$ 153,619	$ 185,934
Total Assets	1,472,554	1,518,698	1,480,286	1,404,245	1,328,716
Long-term Debt	361,883	410,670	420,020	329,085	344,192
Other Liabilities, Deferred Items and Minority Interests	158,537	178,517	176,646	173,927	200,742
Stockholders' Equity	652,327	614,969	571,822	559,785	529,186

People

	1976	1975	1974	1973	1972
Number of Stockholders of Record	160,941	163,442	166,287	166,831	164,487
Number of Employees (average)	51,976	53,438	54,482	54,538	55,866

(1) Includes per share extraordinary loss of $.08 for common and equivalents and $.07 for full dilution.

Management's Discussion and Analysis of Summary of Operations

The following is a discussion of certain changes in Greyhound's revenues, expenses and income for the years 1974, 1975 and 1976, set forth in the preceding Summary of Operations and, on the following page, in the Summary of Principal Business Activities.

Greyhound is a diversified company which sells products and supplies services for many markets. Because of this diversity, components of its net income are generally affected, some favorably, others unfavorably, by fluctuations which occur in the various markets each year.

1976 Compared to 1975

Sales and revenues decreased in 1976 because of lower selling prices for food products reflecting the decrease in unit raw material costs. Partially offsetting this effect of lower food prices were increased revenues resulting from price increases for substantially all other products and services and increased sales volumes in soap and canned meat products and in certain businesses in the Services Group.

Lower net income in 1976 resulted principally from a decline in net income from intercity bus operations due principally to a decline in passengers, increased operating costs for which the Company could not get timely rate relief, and because of above average gains realized on the sale of terminal and garage properties in the prior year. Net income in the Food Group declined 26% from the earlier year in large part because the high price of feed grains resulted in increased growing costs for turkeys, making it impossible to maintain profit margins in turkey operations. In addition, there was a reduction in Food Group margins because selling prices for fresh meat products declined disproportionally with the decline in livestock costs.

Consumer Products and Pharmaceuticals Group net income improved 50% reflecting increased sales volumes of Dial and Tone soaps, the Armour line of canned meat products and certain pharmaceutical products. Profit margins increased because of a decline in raw material costs for canned meat products, the elimination of product introduction costs for Tone soap and adoption of better expense controls in the pharmaceutical operation.

Leasing Group income improved in both major segments. In the computer leasing segment, the improvement resulted from favorable short-term interest rates, lower depreciation expense arising from amortization of tax credits of recently acquired subsidiaries and reductions in losses in U.S. data services primarily through discontinuance of unprofitable activities. In the general equipment leasing segment, U.S. operations had increased earnings which were substantially offset by a decline in net income of foreign subsidiaries because of additional income taxes provided on foreign earnings.

In the Services Group, several of the companies reported record performance which was offset by some declines and cessation of operations by a small casualty insurance company. The Food Service Group improved its catering results primarily on the upturn in the automotive industry.

Corporate and other, included in the Summary of Principal Business Activities, consists principally of unallocated net interest expense and corporate overhead, both of which increased in 1976.

1975 Compared to 1974

Sales and revenues increased in 1975 principally because of higher selling prices for food products generally reflecting increases in raw material and other production costs. Acquisitions of companies, internal development of new products and services, and expansion of bus manufacturing operations also contributed to the greater revenues.

Net income for 1975 increased over 1974 principally because of the discontinuance at the end of 1974 of the business of feeding cattle for sale in the public market. There were no losses from cattle feeding operations in 1975, as compared to losses of $10.2 million in 1974. In addition, a turnaround in growing and marketing turkeys resulted in improvement of approximately $7.5 million. Other factors influencing the increased 1975 net income by Greyhound's principal business groups are as follows:

Transportation Group net income increased because more buses were sold by its bus manufacturing facility, above average gains were realized on sale of replaced terminal and garage properties, and federal income taxes were reduced due to larger investment tax credits. A decline in the number of passengers carried by domestic bus operations caused a partial offset of these increases.

In the Food Group, an improvement in fresh meat operations is attributed to a satisfactory supply of cattle and favorable selling margins for beef, offset in part by increased losses on pork operations occasioned by a sharply reduced supply and increased hog prices.

The Consumer Products and Pharmaceuticals Group net income declined because of a significant deterioration in margins on pharmaceutical blood products resulting from temporary excess industry supplies. The effects of this abnormal condition were substantially offset by increased income from Dial soap resulting from heavier sales volume and lower raw material costs.

Leasing Group income increased because of lower interest rates, the change in the investment tax credit rate, and increased earnings from foreign operations. Services Group net income increased because of the expansion of existing operations and the full year's operations of a new company which provides support services to the Alaska pipeline facilities. Food Service Group income increased as a result of acquiring food service and sundries retailing facilities in Chicago.

Summary of Principal Business Activities (000 omitted)

	1976	1975	1974	1973	1972
Sales and Revenues:					
Transportation	$ 783,750	$ 713,984	$ 673,350	$ 614,229	$ 614,895
Food	2,237,576	2,391,631	2,235,713	2,298,627	1,912,834
Consumer Products and Pharmaceuticals	448,710	430,401	357,183	319,313	266,348
Leasing	99,838	102,931	95,320	78,660	71,528
Services	203,245	175,934	151,130	130,452	110,787
Food Service	156,127	138,855	126,875	131,199	119,626
Corporate and other	7,026	5,435	3,697	2,775	1,132
	3,936,272	3,959,171	3,643,268	3,575,255	3,097,150
Less eliminations(1)	198,125	157,338	130,229	116,096	105,681
	$3,738,147	$3,801,833	$3,513,039	$3,459,159	$2,991,469
Income of Continuing Operations before Extraordinary Loss:					
Transportation	$ 34,157	$ 40,206	$ 37,784	$ 40,072	$ 45,247
Food	12,940	17,448	9,389	20,710	6,837
Consumer Products and Pharmaceuticals	21,705	14,439	15,012	13,672	13,111
Leasing	15,228	12,241	10,309	11,031	14,654
Services	12,572	12,900	10,925	9,150	7,046
Food Service	4,521	2,553	2,180	3,176	2,330
Corporate and other	(14,974)	(10,716)	(11,367)	(10,828)	(9,964)
	86,149	89,071	74,232	86,983	79,261
Less eliminations(1)	9,068	7,851	6,066	7,203	9,115
	$ 77,081	$ 81,220	$ 68,166	$ 79,780	$ 70,146

(1) Subsidiaries not consolidated, intercompany eliminations and minority interests.

Auditors' Report

To the Stockholders and
Board of Directors of
The Greyhound Corporation

We have examined the statement of consolidated financial condition of The Greyhound Corporation and consolidated subsidiaries as of December 31, 1976 and 1975, and the related statements of income, stockholders' equity and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of The Greyhound Corporation and consolidated subsidiaries at December 31, 1976 and 1975, and the results of their operations and changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after the restatement, with which we concur, for the consolidation of Greyhound Computer Corporation as described in Significant Accounting and Financial Policies.

Touche Ross & Co.

Touche Ross & Co.

Phoenix, Arizona
February 25, 1977

Significant Accounting and Financial Policies

The following briefly describes the significant accounting and financial policies of The Greyhound Corporation ("Greyhound") and its consolidated subsidiaries which have been followed in the preparation of the accompanying financial statements and should be read as an integral part thereof.

Principles of Consolidation:

The consolidated financial statements include the accounts of Greyhound and its subsidiaries except for (1) Greyhound Leasing & Financial Corporation ("Greyhound Leasing"), a wholly-owned subsidiary engaged in general equipment leasing and financing, (2) Greyhound Lines of Canada Ltd. ("Lines of Canada"), which is not consolidated because there is a public market for its common stock, (3) subsidiaries engaged in reinsurance operations, and (4) foreign subsidiaries other than those engaged in computer leasing operations. All unconsolidated subsidiaries are reflected in the accounts using the equity method of accounting. In addition, the equity method is used for reflecting investments in affiliated companies in which Greyhound has a 20 per cent to 50 per cent ownership of voting securities. All material intercompany transactions and accounts are eliminated in consolidation.

As described in Note A, Greyhound Computer Corporation ("Greyhound Computer") became a wholly-owned subsidiary of Greyhound in August, 1976, through the acquisition of its publicly-held minority shares. In 1975 the financial statements of Greyhound Computer were not consolidated because of the publicly-held minority interest. As a result of this acquisition the accounts of Greyhound Computer are included in the consolidated financial statements beginning in 1976 and comparative statements for 1975 have been restated to include Greyhound Computer. Such restatement did not change net income or stockholders' equity from that previously reported.

Inventories:

Inventories of fresh and processed meat products (except pork products) are stated at market less allowance for selling expenses because it is not practicable to determine costs. Certain raw materials used in the manufacture of soap and substantially all raw materials of pork products are stated at cost on the "last-in, first-out" method. All remaining inventories, including all processing costs included in the carrying values of soap and pork products, are stated at the lower of cost on the "first-in, first-out" method or market.

Marketable Securities:

Marketable equity securities of consolidated subsidiaries are stated at the lower of aggregate cost or quoted market. Unconsolidated reinsurance subsidiaries state marketable equity securities at quoted market. Bonds are carried at amortized cost where management intends to hold them until the carrying amount is recovered or at estimated realizable amounts where there is a permanent diminution in value.

Realized gains and losses on the sale of all marketable securities, market valuation adjustments applicable to short-term marketable equity securities and adjustments to reflect any permanent diminution in value of other marketable securities are charged or credited to income. Valuation adjustments which are not deemed to reflect a permanent diminution in the value of long-term marketable equity securities are charged or credited to retained income. Realized gains or losses are computed based upon the average cost of applicable securities.

Property and Equipment:

Property and equipment are stated at cost except for computer equipment sold and leased back which is stated at net carrying amounts at dates of sale and leaseback. Depreciation of computer equipment is generally provided on the straight-line method to estimated residual values over five to ten year useful lives or to December 31, 1978, whichever is shorter. Depreciation on other equipment is provided principally on the straight-line method over estimated useful lives. The cost of additions and improvements, and renewals which substantially extend the useful life of the particular asset, are capitalized. Repair and maintenance expenditures are charged to income. The ranges of annual depreciation rates used for other than computer equipment are as follows:

Buildings	2% to 5%
Buses (9% and 10% salvage)	8% to 10%
Machinery and other equipment	5% to 33%
Leasehold improvements	Term of leases

The cost and related accumulated depreciation of assets sold or otherwise disposed of are eliminated from the property accounts. Gains and losses on the sale of computer equipment are credited or charged to accumulated depreciation and amortized on a straight-line basis over the remaining life of comparable equipment. Gains or losses on other

sales or disposals are reflected in income, with amounts applicable to the sales of depreciable assets of transportation companies reflected as an adjustment of depreciation expense.

Intangibles:

The intangible attributable to the investment in Armour-Dial, Inc. ("Dial") and certain other intangibles which arose prior to October 31, 1970, are carried at cost and will not be amortized unless there is deemed to be a diminution in value of the related investments. Intangibles arising after October 31, 1970 are amortized on a straight-line basis over the periods of expected benefit, but not in excess of forty years.

Pension Plans and Other Employee Benefits:

Pension plans are generally funded on the basis of annual actuarial determinations of current service costs plus amortization in level annual amounts of unfunded prior service costs, including interest, over periods of thirty to forty years.

The cost of medical and life insurance benefits under employee group plans, including similar benefits for qualified retirees, is charged to income based upon current costs.

The pension and insurance costs attributable to former employees of certain closed plants are charged to the liability for "Pensions and other benefits."

Federal Income Taxes:

Deferred federal income taxes are provided on material items entering into the determination of net income for which there are timing differences between tax and financial reporting. Deferred taxes are also provided, when applicable, on undistributed income of foreign subsidiaries which management considers to be available for the payment of dividends. Investment tax credits are included in income in the year the credit is available as a reduction of federal income taxes except for credits of Greyhound Computer and Greyhound Leasing. Investment tax credits generated by these leasing subsidiaries are deferred and amortized to income over either the approximate life of related equipment or the term of applicable leases.

Foreign Currency Translations:

Assets and liabilities of Canadian and other foreign subsidiaries have been translated at year-end rates of exchange except for inventories and certain long-term assets, principally property and equipment and intangibles, which have been translated at historical rates of exchange. Net income has been translated at average rates prevailing during each year except that depreciation expense has been translated at the rates in effect when the related assets were acquired. Translation gains and losses are included in net income.

Product Development, Research, Advertising and Promotion:

Product development and research costs are charged to income when incurred. Advertising and promotion costs are charged to income in the year the related programs are featured.

Income Per Share:

Income per common and common equivalent share is computed on the weighted average number of common shares outstanding during each year after restatement to the beginning of the year for shares issued in acquisitions accounted for as poolings of interests and after giving effect to stock options and warrants considered to be common stock equivalents which are not anti-dilutive.

Income per share assuming full dilution is based upon the average number of common and common equivalent shares outstanding, determined as set forth above, and the equivalent number of common shares issuable upon conversion of convertible debt and 3 per cent preference stock outstanding during each year. Net income is adjusted for the interest (net after tax) on debentures deemed converted and for dividends on the 3 per cent preference stock.

Statement of Consolidated Financial Condition (000 omitted)

ASSETS	December 31, 1976	1975
CURRENT ASSETS:		
Cash (Note E)	$ 48,491	$ 67,287
Short-term investments	2,196	5,380
Receivables	216,901	225,017
Inventories (Note C)	211,662	209,451
Prepaid expenses and other current assets	15,762	18,165
TOTAL CURRENT ASSETS	495,012	525,300
PROPERTY AND EQUIPMENT:		
Land	48,075	47,031
Buildings and leasehold improvements	281,711	272,057
Buses	281,594	271,020
Computer and car rental equipment (Note L)	144,305	262,850
Machinery and other equipment	277,364	264,838
	1,033,049	1,117,796
Less accumulated depreciation	448,712	519,489
	584,337	598,307
INVESTMENTS AND OTHER ASSETS:		
Investments in and advances to unconsolidated subsidiaries and affiliated companies (Note B)	134,470	115,797
Other investments, advances and assets (Note D)	46,282	63,517
	180,752	179,314
INTANGIBLES, including $176,243 attributable to investment in Dial	212,453	215,777
	$1,472,554	$1,518,698

See notes to consolidated financial statements and summary of significant accounting and financial policies.

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 1976	1975
CURRENT LIABILITIES:		
Short-term bank loans (Note E)	$ 18,442	$ 16,727
Accounts payable	140,327	130,454
Salaries and wages	49,478	49,141
Dividends	11,415	11,289
Income and other taxes (Note I)	30,073	30,459
Other accrued expenses	35,332	31,407
Due to unconsolidated subsidiaries, net (Notes E and I)	1,378	1,210
Current portion of long-term debt	13,362	43,855
TOTAL CURRENT LIABILITIES	299,807	314,542
LONG-TERM DEBT, less current portion included above (Note F):		
Senior debt	242,708	287,286
Subordinated debt	119,175	123,384
	361,883	410,670
OTHER LIABILITIES AND DEFERRED ITEMS:		
Deferred federal income taxes	55,660	62,394
Pensions and other benefits	23,958	24,916
Insurance reserves	19,584	23,851
Other	15,437	11,817
	114,639	122,978
COMMITMENTS AND CONTINGENT LIABILITIES (Notes I, K and M)		
MINORITY INTERESTS:		
Armour $4.75 preferred stock (Note M)	43,898	45,896
Greyhound Computer (Note A)		9,643
	43,898	55,539
STOCKHOLDERS' EQUITY:		
Common stock (Notes G and H)	66,206	65,684
Additional capital	252,584	247,216
Retained income (Notes F and I)	338,381	307,814
Common stock in treasury, at cost	(4,844)	(5,745)
	652,327	614,969
	$1,472,554	$1,518,698

Consolidated Income Statement (000 omitted)

	Year Ended December 31, 1976	1975
SALES AND OPERATING REVENUES:		
Food processing and manufacturing	$2,684,524	$2,820,204
Transportation, services and other	1,042,782	966,420
Other income (Note M)	10,841	15,209
	3,738,147	3,801,833
COSTS, EXPENSES AND MINORITY INTERESTS:		
Food processing and manufacturing	2,556,561	2,701,549
Transportation, services and other	832,316	752,859
Taxes, other than income taxes	79,177	74,223
Pension costs (Note J)	59,431	54,744
Depreciation	76,338	75,205
Interest	36,194	39,306
Minority interests	2,988	2,800
	3,643,005	3,700,686
INCOME BEFORE INCOME TAXES	95,142	101,147
INCOME TAXES (Note I)	38,189	38,801
INCOME OF GREYHOUND AND CONSOLIDATED SUBSIDIARIES	56,953	62,346
EQUITY IN NET INCOME OF UNCONSOLIDATED SUBSIDIARIES AND AFFILIATED COMPANIES (Note B)	20,128	18,874
NET INCOME	$ 77,081	$ 81,220
NET INCOME PER SHARE:		
Common and equivalents	$1.76	$1.87
Assuming full dilution	1.66	1.76
AVERAGE OUTSTANDING SHARES (000 omitted):		
Common and equivalents	43,727	43,440
Assuming full dilution	48,099	47,770

See notes to consolidated financial statements and summary of significant accounting and financial policies.

Statement of Stockholders' Equity (000 omitted)

	Year Ended December 31, 1976	1975
COMMON STOCK (Notes G and H):		
Balance, beginning of year	$ 65,684	$ 64,301
Shares utilized in acquisitions	513	1,380
Shares issued, other	9	3
Balance, end of year	$ 66,206	$ 65,684
ADDITIONAL CAPITAL:		
Balance, beginning of year:		
Additional capital	$246,911	$250,283
3% cumulative preference stock	305	423
Combined balance	247,216	250,706
Adjustments relating to common stock issued or treasury stock reissued upon:		
Conversion of preference stock and debentures	75	(102)
Exercise of warrants and employee stock options	(549)	(178)
Acquisition of minority interest in Greyhound Computer	4,748	
Adjustments as a result of poolings		(3,319)
Excess of par value over cost of Armour preferred stock reacquired	979	106
Other, net	115	3
Balance, end of year (including $292 at December 31, 1976 of 3% cumulative preference stock)	$252,584	$247,216
RETAINED INCOME (Notes F and I):		
Balance, beginning of year:		
Retained income	$310,192	$268,299
Valuation allowance for unrealized losses on long-term marketable equity securities	(2,378)	
Combined balance	307,814	268,299
Net income	77,081	81,220
Cash dividends declared:		
3% preference stock, $.75 quarterly per share	(9)	(11)
Common stock, $.26 quarterly per share, except $.31 for third quarter of 1976	(47,593)	(44,489)
Adjustments as a result of poolings		5,177
Provision for unrealized gains (losses) on long-term marketable equity securities	1,103	(2,378)
Other, net	(15)	(4)
Balance, end of year (after deducting $1,275 at December 31, 1976 for valuation allowance)	$338,381	$307,814
COMMON STOCK IN TREASURY (Note G):		
Balance, beginning of year	$ (5,745)	$ (11,484)
Shares utilized in poolings		4,722
Other shares reissued, net of shares acquired	901	1,017
Balance, end of year	$ (4,844)	$ (5,745)

See notes to consolidated financial statements and summary of significant accounting and financial policies.

Statement of Changes in Consolidated Financial Position (000 omitted)

	Year Ended December 31, 1976	1975
SOURCE OF FUNDS:		
From operations:		
Net income	$ 77,081	$ 81,220
Depreciation	76,338	75,205
Deferred federal income taxes	(10,291)	4,146
Undistributed net income of unconsolidated subsidiaries and affiliated companies	(10,181)	(9,668)
Net gains on sale of property and equipment	(1,575)	(5,260)
Other items, net	4,155	2,761
Total from operations	135,527	148,404
Long-term debt financing, net of discount and expenses	108,941	97,242
Proceeds from disposals of property and equipment	28,665	28,504
Proceeds from sale/leaseback transactions	4,629	2,411
Proceeds from businesses sold	4,815	5,138
Cancellation of Greyhound Leasing capital notes		20,000
Utilization of tax credits and benefits of acquired companies	4,360	2,859
Decrease in investments, advances and other assets	3,729	1,552
Decrease in receivables and inventories	5,806	150
Increase in current accrued liabilities	12,701	13,907
Issuance of common stock	6,412	858
Other items, net	1,896	
	317,481	321,025
USE OF FUNDS:		
Expenditures for property and equipment	95,915	104,870
Dividends	47,602	44,500
Retirement of long-term debt	124,774	101,906
Net decrease in bank loans and commercial paper	62,954	26,118
Acquisition of minority interest in Greyhound Computer and other businesses	7,185	1,080
Acquisition of capital stock (net of shares reissued for purchased companies)	1,031	206
Contribution of capital notes and cash to Greyhound Leasing		30,000
Other items, net		8,393
	339,461	317,073
INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	$ (21,980)	$ 3,952

See notes to consolidated financial statements and summary of significant accounting and financial policies.

Notes to Consolidated Financial Statements

Years Ended December 31, 1976 and 1975

Note A — Acquisitions and Sales of Companies:

On August 31, 1976, in a merger transaction, Greyhound acquired all the minority interest in Greyhound Computer in exchange for 342,200 shares of Greyhound common stock and cash paid or payable for 1,850 Greyhound Computer shares under appraisal procedures. This acquisition has been treated as a purchase for accounting purposes and has been reflected in the accounts at a valuation of $5,276,000 representing the closing price of the Greyhound common shares on the New York Stock Exchange on the date prior to the announcement of the exchange offer. At the date of acquisition of the remaining minority interest, the net tangible assets of Greyhound Computer exceeded the then carrying amount of Greyhound's investment in Greyhound Computer by $1,415,000. This amount has been applied as a reduction in the carrying amount of computer equipment and is being amortized by credits to income on a straight-line basis through December 31, 1978. In 1976, Greyhound also acquired two small companies engaged in the sightseeing and intercity bus businesses for cash and notes aggregating $1,860,000. This acquisition was also accounted for as a purchase and the resulting intangible is being amortized over forty years.

In 1975, in pooling transactions, Greyhound acquired (1) for 247,773 Greyhound common shares, a group of ten companies operating blood plasma collection centers, (2) for 300,000 Greyhound common shares, a company providing intercity bus service in six New England states and (3) for 650,074 Greyhound common shares, a group of eleven companies operating restaurants and specialty retail shops. The operations of these subsidiaries have been included in Greyhound's consolidated financial statements since January 1, 1975. In addition, in a purchase accounting transaction, Greyhound acquired two small companies in the convention servicing business for 85,200 Greyhound common shares; and Greyhound Computer increased its ownership in one subsidiary from 92.5 per cent to 94.4 per cent and acquired the outstanding 7.5 per cent minority interest in another subsidiary for cash. An intangible of $651,000 arising from the Greyhound purchase acquisition is being amortized over forty years. Contributions to revenues and net income arising from these acquisitions were not material in 1975 or 1976.

During 1975 and 1976, Greyhound disposed of the operations of General Fire and Casualty Company ("General Fire"), assigned the travel accident insurance business of General Fire to a new reinsurance subsidiary, transferred at carrying amounts certain investments and insurance obligations from General Fire to Greyhound and sold General Fire including its remaining net assets. Greyhound's unrecovered intangible in General Fire has been assigned to the retained travel accident business and is being amortized over ten years. Prior years financial statements have not been restated because the results of operations were not material.

Note B — Unconsolidated Subsidiaries and Affiliated Companies:

After restatement in 1975 for the consolidation of Greyhound Computer, Greyhound's investments in and advances to unconsolidated subsidiaries and affiliated companies 'at year-end and its equity in net income for 1976 and 1975 consist of the following:

	1976	1975
	(000 omitted)	
Investments and Advances:		
Greyhound Leasing (100% owned)	$ 67,131	$ 61,256
Lines of Canada (62% owned)	28,201	25,131
Reinsurance subsidiaries (100% owned)	18,764	6,168
Other foreign subsidiaries	15,250	18,553
Affiliated companies	5,124	4,689
	$134,470	$115,797
Equity in Net Income:		
Greyhound Leasing	$ 11,574	$ 10,942
Lines of Canada	5,562	5,467
Reinsurance subsidiaries	100	175
Other foreign subsidiaries	1,888	1,692
Affiliated companies	1,004	598
	$ 20,128	$ 18,874

Separate summarized financial statements of Greyhound Leasing are presented elsewhere herein.

Note C — Inventories:

Year-end inventories were comprised of the following:

	1976	1975
	(000 omitted)	
Food processing	$ 80,453	$ 78,653
Consumer products and pharmaceuticals	82,974	82,081
Transportation (principally bus manufacturing)	32,458	33,751
Services and other	15,777	14,966
	$211,662	$209,451

Inventories of certain raw materials used in the manufacture of soap and substantially all raw materials of pork products, aggregating $10,125,000 in 1976 and $4,598,000 in 1975, are stated at cost on the "last-in, first-out" method. If these inventories were stated on the basis of lower of cost on the "first-in, first-out" method or market, or at market less allowance for selling expenses, which are the bases used for pricing all other inventories, inventory valuations would have been increased $9,472,000 at the end of 1976 and $13,859,000 at the end of 1975.

Note D — Other Investments, Advances and Assets:

At December 31, 1976 and 1975, "Other investments, advances and assets" includes long-term marketable equity securities with an aggregate cost of $404,000 and $6,597,000 stated at their aggregate quoted market of $220,000 and $4,219,000, respectively, and at December 31, 1976 unconsolidated reinsurance subsidiaries held long-term marketable equity securities with a cost of $4,693,000 stated at quoted market of $3,602,000. An allowance of $1,275,000 (provided from retained income) has been established to adjust both of the above portfolios to market. During 1976 and 1975, gains and losses from the sale of long-term marketable equity securities and the unrealized gains at each year-end were not material.

"Other investments, advances and assets" also includes bonds stated at amortized cost of $15,653,000 and $31,683,000 at December 31, 1976 and 1975, respectively, of which $12,780,000 and $22,851,000 were on deposit as collateral to an equivalent amount of insurance claim liabilities.

Note E — Short-term Debt and Compensating Balances:

Greyhound satisfies its short-term financing requirements by borrowings under short-term bank lines of credit and by the issuance of commercial paper. The following information pertains to such short-term debt:

	1976	1975
	(000 omitted)	
Average interest rates at end of year*:		
Short-term bank loans	8.4%	7.9%
Commercial paper		6.0%
Maximum amount of short-term debt outstanding during year	$ 82,450	$134,218
Average daily short-term debt outstanding during year	$ 43,088	$103,115
Weighted average interest rate on short-term debt outstanding during year*	7.3%	7.3%

*Exclusive of the cost of maintaining compensating balances and, for commercial paper, the cost of supporting bank credit.

Greyhound has short-term bank lines which are subject to annual renewal aggregating $46,271,000 with outstanding borrowings of $18,442,000 at December 31, 1976. Of these lines, $19,271,000 can be withdrawn at any time at the option of the banks and $27,000,000 can be withdrawn by the banks at any time if in their opinion there has been an adverse change in Greyhound's financial condition. Compensating balances equivalent to 10 per cent of the unused commitment are required on $22,000,000 of these lines, increasing to 20 per cent of the credit when in use.

During 1976, funds utilized as compensating balances under various short-term and long-term credit agreements (see Note F), including terminated credit agreements, averaged approximately $6,966,000. In addition, Greyhound's funds averaging $31,820,000 during 1976 were utilized to satisfy compensating balance requirements of Greyhound Leasing. Greyhound presently receives interest from Greyhound Leasing for the use of certain of these funds at ½ of 1 per cent above banks' prime rates for Greyhound's short-term borrowings. Cash balances required for operating purposes, float and funds specifically provided are utilized as compensating balances. There are no restrictions on the utilization of funds maintained as compensating balances.

It is Greyhound's policy to support commercial paper outstanding with unused portions of the short-term bank lines described above and by the Eurodollar revolving credit described in Note F.

Note F — Long-term Debt:

Long-term debt at year-end was as follows:

	1976	1975
	(000 omitted)	
Senior debt:		
Loans payable to banks:		
Term loans	$ 7,046	$ 46,167
Revolving credits		47,447
Eurodollar loans		4,000
Commercial paper and bank loans supported by unused revolving credit or refinanced by the sale of debentures in January, 1976		65,206
9⅜% Sinking fund debentures, due 1987 to 2001, net of unamortized discount	99,292	
9⅞% Sinking fund debentures, due 1986 to 2000, net of unamortized discount	74,500	74,469
6% Notes, due to 1984	19,075	21,350
Real estate mortgages, due to 2006, 4% to 9½%, with property of $50,359 pledged as collateral at December 31, 1976	31,991	32,663
Other obligations, due to 1992, 4% to 10%	24,166	37,074
Less current portion	(13,362)	(41,090)
	242,708	287,286
Subordinated debt:		
Convertible subordinated debentures	92,528	92,624
5% Cumulative income subordinated debentures, due to 1984	25,383	31,386
7⅞% to 8% Senior subordinated debentures, due to 1984	1,264	2,139
Less current portion		(2,765)
	119,175	123,384
	$361,883	$410,670

At December 31, 1975, loans payable to banks were borrowed under several domestic and foreign credit agreements. All bank loans outstanding at December 31, 1975 were repaid during 1976 and all related agreements either matured or were cancelled except for Canadian and Eurodollar revolving credit agreements. The Eurodollar revolving credit provides for a maximum credit of $30,000,000, none of which was borrowed at December 31, 1976 or 1975. Interest is at 1 per cent over the London interbank offered rate and this agreement provides for a commitment fee of ½ of 1 per cent of the unused credit, but does not require compensating balances. In addition, during 1976, a subsidiary entered into one domestic and two foreign term loan agreements under which there were borrowings of $7,046,000 at December 31, 1976.

In January, 1976, Greyhound sold $100,000,000 of 9⅜ per cent sinking fund debentures and the proceeds of $98,242,000 were principally used to repay $45,000,000 of domestic revolving credit and $45,400,000 of short-term debt outstanding at the date of sale.

Outstanding subordinated debentures convertible into common stock were as follows at year-end:

Interest Rate	Date Due	Conversion Price	1976	1975
			(000 omitted)	
6½%	1983 to 1990	$18.375	$68,103	$68,130
5 %	1979 to 1984	26.40	12,360	12,360
6 %	1986	46.00	10,325	10,325
4½%	1983	15.74	1,740	1,809
			$92,528	$92,624

Maximum annual maturities of long-term debt outstanding at December 31, 1976 becoming due during the four years ending December 31, 1981, will approximate $10,184,000 (1978), $12,580,000 (1979), $9,760,000 (1980), and $9,155,000 (1981).

The agreements pertaining to long-term debt contain various restrictive covenants and require the maintenance of certain defined financial ratios with which Greyhound has complied. At December 31, 1976, under the most restrictive provision of the agreements, retained income of $235,000,000 was unrestricted as to the payment of dividends.

Note G — Capital Stock:

Shares of Greyhound capital stock authorized, issued and outstanding at the end of the year were as follows:

	1976	1975
Common, par value $1.50 per share, authorized 70,000,000 shares; issued	44,137,328	43,789,526
Less common shares in treasury	291,362	330,287
Outstanding common shares	43,845,966	43,459,239
Second Cumulative Convertible Preference, 3%, par value $100 per share, authorized 20,357 shares; issued and outstanding (included in additional capital)	2,923	3,053
Preference, without par value, issuable in series, authorized 5,000,000 shares; none issued		

Changes in outstanding common shares during 1976 and 1975 were as follows:

	1976	1975
Shares outstanding, beginning of year	43,459,239	42,202,578
Conversion of 3% preference stock	318	3,983
Conversion of debentures	5,849	27,832
Issued for acquired companies	342,200	1,283,047
Exercise of warrants and employee stock options	87,235	26,995
Acquired for treasury	(48,875)	(85,196)
Shares outstanding, end of year	43,845,966	43,459,239

At December 31, 1976, a total of 14,926,511 shares of common stock, including 189,097 shares in treasury, were reserved for conversion of the 3 per cent preference stock and debentures (4,518,350), for exercise of outstanding warrants (7,307,262), for stock options (2,714,754), and for possible issuance in connection with prior acquisitions (386,145). Of the shares issuable on conversion of the preference stock and debentures and on the exercise of warrants, 110,527 shares are issuable at a price of $15.74; 3,706,285 shares at $18.375; 6,140,595 shares at $23.50 and the balance is issuable at prices ranging from $26.40 to $46.00 per share. The conversion prices and warrant exercise prices are subject to adjustment under certain circumstances.

Note H — Stock Options:

Greyhound may grant the following two types of options for common shares under its 1973 Stock Option Plan for officers and key employees: (1) options which fulfill the qualifications of the Internal Revenue Code of 1954 (qualified stock options) and (2) options which do not satisfy the tax law qualifications (non-qualified stock options). Qualified options are granted at the market price at the date of grant while non-qualified options may be granted at no less than eighty-five per cent of the market price at the date of grant. All outstanding qualified and non-qualified stock options at December 31, 1976 were granted at the market price at dates of grant. Qualified options, including all options outstanding which have been granted under a previous plan, may be exercised up to five years after the date of grant, and non-qualified options may be exercised up to ten years after the date of grant.

During 1976, non-qualified options for 18,700 shares were granted at prices ranging from $14.25 to $16.13 per share, and options were exercised for 87,230 shares, of which 23,755 were qualified and 63,475 were non-qualified, at respective average per share prices of $12.45 and $11.80. In 1975, non-qualified options for 108,925 shares were granted at a price of $13.00 per share and options were exercised for 26,962 shares of which 6,462 were qualified and 20,500 were non-qualified at respective average per share prices of $9.76 and $11.64.

At December 31, 1976, there were 2,714,754 shares of common stock reserved for stock options and at that date options with respect to 651,940 common shares were outstanding at prices ranging from $5.59 to $20.69 per share, with an average price of $12.75 per share.

Changes in shares subject to stock options outstanding during 1976 are set forth below:

	Number of Shares Subject to Option	
	Qualified	Non-qualified
Balance, beginning of year	435,958	435,350
Granted		18,700
Greyhound Computer options assumed at date of merger	53,746	
Exercised	(23,755)	(63,475)
Cancelled	(179,834)	(24,750)
Balance, end of year	286,115	365,825
Options exercisable at end of year	267,706	365,825

Note I — Income Taxes:

The provision for income taxes of Greyhound and its consolidated subsidiaries for 1976 and 1975 consists of the following:

	1976	1975
	(000 omitted)	
Currently payable:		
Federal income taxes	$43,744	$30,503
Other income taxes (principally state)	4,736	4,152
Total currently payable	48,480	34,655
Deferred federal income taxes relating to the following principal timing differences:		
Depreciation and disposal of assets, including the effects of sale/leasebacks	(4,039)	4,083
Self insurance accruals	(3,637)	(1,409)
Cattle feeding inventories	(1,485)	(769)
Sale of non-depreciable long-term assets		2,214
All other	(1,130)	27
	(10,291)	4,146
Provision for income taxes	$38,189	$38,801

Greyhound Leasing, as well as other eligible subsidiaries of Greyhound, is included in the consolidated federal income tax returns of Greyhound. As a result, utilization of tax losses, investment tax credits and foreign tax credits have been available to Greyhound which would not have been available to Greyhound Leasing on a separate return basis. These amounts, aggregating $17,106,000 and $15,822,000 in 1976 and 1975, respectively, have not been reflected as a reduction of the provision for federal income taxes currently payable, since the reductions in Greyhound's tax liability have been credited to amounts due to Greyhound Leasing and are paid when realized by Greyhound.

In addition, the currently payable federal income taxes does not reflect the reduction in taxes payable arising from tax benefits of acquired subsidiaries or utilization of investment tax credits of Greyhound Computer aggregating $4,360,000 in 1976 and $2,859,000 in 1975.

The differences between the provision for federal income taxes and the amount that would be computed using the statutory rate are attributable to the following factors:

	1976	1975
	(000 omitted)	
Taxes on income before income taxes at statutory federal income tax rate	$45,668	$48,551
Tax effect of:		
Minority interests	1,434	1,344
Amortization of acquisition credits allocated to computer equipment	(3,486)	(3,141)
State income taxes	(2,199)	(1,793)
Investment tax credits	(6,964)	(7,035)
DISC company income exclusion	(309)	(699)
Other, including effects of capital gains and foreign tax credits	(691)	(2,578)
Federal income taxes	33,453	34,649
Other income taxes	4,736	4,152
Provision for income taxes	$38,189	$38,801

Greyhound's federal income tax returns have been examined by the Internal Revenue Service ("IRS") through 1970. The IRS has proposed additional tax assessments of approximately $40,600,000, plus interest thereon, of which $30,600,000 is applicable to Greyhound Leasing. The proposed assessments applicable to Greyhound Leasing relate to aircraft lease transactions which the IRS proposes to treat as installment sales instead of leases. The IRS's position, if sustained, would disallow investment tax credits and require earlier recognition of taxable income on the transactions. The amount of additional tax liability which would result from the proposed additional assessments, if the IRS's position is sustained, would be reduced to $23,600,000, of which $13,600,000 relates to Greyhound Leasing, after giving effect to reductions in taxable income and tax credits available in 1969 through 1976 as a result of the proposed earlier recognition of income by the IRS. Interest (net of tax benefits of $9,306,000) to December 31, 1976, on such adjusted amount would approximate $10,107,000. Greyhound is contesting the assessments and, in the opinion of both management and its independent tax counsel, the ultimate liability should be far less than that proposed by the IRS. Management believes that any ultimate liability will not have a material effect on the consolidated financial condition of Greyhound or Greyhound Leasing.

At December 31, 1976 and 1975, retained income includes approximately $19,133,000 and $14,210,000, respectively, of undistributed net income of foreign subsidiaries and DISC companies on which no taxes have been provided because management considers that such income has been permanently invested.

Note J — Pension and Management Incentive Plans:

Greyhound and its subsidiaries have numerous pension plans covering substantially all of their employees. Compliance with the Employee Retirement Income Security Act of 1974 required amendments to all plans in 1976. Increases in pension costs arising from such amendments were substantially offset by net cost reductions arising from changes in actuarial assumptions which were made in most plans at the time plan amendments became effective.

The excess of the actuarially computed amount of vested benefits over the total of plan assets, valued at market, and balance sheet accruals, for those plans with such an excess, was approximately $145,000,000 at January 1, 1976, the date of the most recent actuarial valuations. At that date, the unfunded prior service costs, including those related to vested benefits, under all plans was approximately $386,000,000.

Under the management incentive plan for officers and key employees and other plans for designated employees, additional compensation is paid. Certain subsidiary company plans limit payments to amounts ranging up to 50 per cent of an employee's basic salary. The funds from which such incentive compensation is paid are generally determined on the basis of specified percentages of income in excess of pre-established objectives. Amounts charged to income for the above were $5,281,000 and $5,193,000, respectively, in 1976 and 1975.

Note K — Lease Obligations:

Certain bus terminals, plants, offices and equipment are held under lease. These leases expire in periods ranging from one to forty-six years, in some instances provide for renewal options for periods ranging from one to forty years and in certain instances provide for purchase options. Leases which expire are generally renewed or replaced by similar leases. Rental expense under these leases was $54,449,000 in 1976 and $50,571,000 in 1975 including rentals, primarily applicable to non-financing leases, of $15,002,000 and $14,040,000, respectively, of certain bus terminal and service operations which are based upon revenues or usage. Total rent expense includes $8,564,000 and $8,154,000, respectively, pertaining to financing leases.

At December 31, 1976, minimum rental commitments, excluding the commitments relating to computer sale and leaseback transactions described in Note L, on non-cancellable leases (principally real estate) with an original term of more than one year were as follows:

	Financing Leases	Other Leases
	(000 omitted)	
1977	$ 6,003	$ 12,078
1978	5,211	10,243
1979	5,171	9,041
1980	5,069	8,276
1981	4,991	7,641
1982 - 1986	22,031	30,676
1987 - 1991	19,189	14,020
1992 - 1996	16,265	6,009
After 1996	18,644	2,358
	$102,574	$100,342

Financing leases are those leases of Greyhound having terms covering 75 per cent or more of the estimated economic life of the property. The present value of the minimum lease commitments under non-cancellable financing leases, exclusive of the amount accrued therefor in the accounts, was $44,690,000 and $46,551,000, at December 31, 1976 and 1975, respectively. Of these amounts $21,937,000 and $23,748,000, respectively, are attributable to Dial's canned meats manufacturing facility and the remaining amounts are principally attributable to bus terminals and food processing and distribution units. The weighted average interest rate imputed as to financing leases was approximately 7 per cent at both dates and the range of such interest rates was 2 per cent to 10 per cent at December 31, 1976.

In November, 1976, the FASB issued Statement No. 13, which set new guidelines for the capitalization of leases. Under the new guidelines, substantially all of Greyhound's financing leases will be required to be capitalized. Prior years' income statements will not require restatement as a result of capitalizing such financing leases because capitalization would result in no material effect on net income. Restatement of financial statements for leases entered into prior to January 1, 1977 is not required until 1981, although earlier restatement is encouraged. Greyhound has not yet decided whether it will restate its financial statements in 1977 or in a subsequent year. See summarized financial statements of Greyhound Leasing for the effect of FASB Statement No. 13 on Greyhound Leasing.

Note L — Computer Equipment:

Greyhound Computer is a lessor of data processing computer systems, principally IBM System/360 equipment under operating leases. A substantial portion of the leases are subject to termination on 90-120 days notice, in some cases upon payment of penalties. Rentals for the remaining non-cancellable lease terms under outstanding leases are less than the carrying amount of computer equipment. Accordingly, the recovery of Greyhound's net carrying amount of computer equipment at December 31, 1976 ($74,458,000) is dependent upon renewal of existing leases or sale or lease of the equipment after their expiration at satisfactory prices. Management believes that Greyhound will be successful in recovering the remaining carrying amount of computer equipment.

In 1976 and 1975, substantially all domestic computer equipment was sold and leased back for periods of 6 to 8 years. The equipment continues to be used in computer leasing activities. In accordance with generally accepted accounting principles, these transactions have not been considered dispositions for financial reporting purposes. The carrying amount of the equipment sold less the excess ($3,087,000 in 1976 and $1,076,000 in 1975) of net proceeds at the sale dates over the present value of related net future payments is reflected as stated value of computer equipment, and is being depreciated on the same basis as comparable owned computer equipment. The present value of the net future payments is included in long-term debt.

Income tax credits (discussed below) available at acquisition dates to companies acquired in transactions recorded as purchases are applied in consolidation as a reduction of the cost of related computer equipment when recorded by the subsidiaries in accordance with generally accepted accounting principles. Credits attributable to differences between tax and financial reporting bases are amortized to income to December 31, 1978 commencing at acquisition dates. Substantially all amounts arising from net operating loss and investment tax credit carryovers are deferred and applied to reduce the residual value of equipment, in light of the uncertainties surrounding overall recovery of the acquired companies' tax benefits and the remaining carrying amount of computer equipment.

Note M — Commitments, Contingent Liabilities and Other Matters:

Greyhound and certain subsidiaries are parties to various legal actions, the outcome of which is not expected to have a material effect upon the financial condition of Greyhound and its consolidated subsidiaries taken as a whole. One of

the suits concerns the competitive relations of Greyhound Lines, Inc. with Mt. Hood Stages, Inc. in prior years and in 1973 resulted in trial court awards to the latter of treble damages and attorneys' fees aggregating approximately $14,400,000, from which appeal is pending. Two of the suits are brought on behalf of former minority stockholders of Greyhound Computer and one of its subsidiaries attacking the mergers in which the two corporations became wholly-owned subsidiaries and seeking damages for allegedly inadequate consideration received by them for their shares in the mergers. Several of the suits, which are being contested by pre-trial proceedings, are brought on behalf of classes or alleged classes of plaintiffs for alleged discriminatory employment practices. The Illinois Attorney General has filed suit against Dial, alleging in three counts that regulations issued under the Illinois Environmental Protection Act have been violated by operating the Dial soap plant located in Kane County, Illinois (a) since September 30, 1973, in a manner which allows discharge of organic matter and odors into the outdoor atmosphere, (b) since May 30, 1976, without an operating permit from the Illinois Environmental Protection Agency for the plant's cooling tower, and (c) since September 30, 1973, without an approved Compliance Program and Project Completion Schedule. The complaints seek injunctive relief and penalties on each of the three counts of $30,000 plus $3,000 for each day of alleged violation. Dial is engaged in a modification and improvement program for the plant which is estimated to involve the expenditure of approximately $11,500,000, a substantial portion of which is for environmental corrective measures, and in view of this fact it is expected that the litigation will be resolved on a basis which will not materially affect the overall business of Dial. In none of the above described cases can the ultimate liability, if any, be reasonably estimated.

Under the terms of credit agreements with certain financial institutions, Greyhound has guaranteed borrowings of Greyhound Leasing aggregating $29,250,000 and $35,700,000 at December 31, 1976 and 1975, respectively. In addition, certain subsidiaries have guaranteed bank credit of various other companies, primarily unconsolidated foreign subsidiaries, aggregating $12,444,000 and $12,227,000 at December 31, 1976 and 1975, respectively, with outstanding borrowings of $9,232,000 and $7,378,000 at such dates.

Other income for 1976 and 1975 is comprised of the following:

	1976	1975
	(000 omitted)	
Net gains on sale of property and equipment	$ 1,575	$ 5,260
Dividend and interest income	5,195	7,489
Other	4,071	2,460
	$10,841	[illegible]

The Armour $4.75 preferred stock, $100 par value, (minority interest in Armour) is entitled to annual cumulative sinking fund retirements of 6,000 shares. At December 31, 1976 a total of 51,370 reacquired shares were held in the treasury for application to future sinking fund requirements. The par value of these shares has been reflected in the statement of consolidated financial condition as a reduction of the minority interest in Armour.

Note N — Unaudited Summary of Quarterly Financial Information:

The following is an unaudited summary of financial information for the calendar quarters of 1976 and 1975:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
		(000 omitted)		
Revenues				
1976	$885,763	$950,101	$ 963,554	$ 938,729
1975	811,669	936,768	1,014,761	1,038,635
Income of Greyhound and Consolidated Subsidiaries				
1976	8,569	13,467	20,700	14,217
1975	3,848	14,600	24,350	19,548
Equity in Net Income of Unconsolidated Subsidiaries and Affiliates				
1976	5,234	4,213	5,705	4,976
1975	3,723	4,445	5,455	5,251
Net Income				
1976	$ 13,803	$ 17,680	$ 26,405	$ 19,193
1975	7,571	19,045	29,805	24,799
Net Income Per Share:				
Common and Equivalents				
1976	32¢	40¢	61¢	43¢
1975	18	44	68	57
Assuming Full Dilution				
1976	30	38	57	41
1975	17	42	63	54

Consolidated Financial Condition (000 omitted)

ASSETS	December 31, 1976	1975
CASH	$ 19,559	$ 18,174
FEDERAL INCOME TAX BENEFITS, due from Greyhound	2,992	4,474
EQUIPMENT LEASE AND OTHER CONTRACT RECEIVABLES	718,073	682,831
Less:		
Unearned income	241,567	235,195
Allowance for doubtful accounts	11,022	8,620
	465,484	439,016
ESTIMATED RESIDUAL VALUE OF EQUIPMENT ON FINANCE LEASES	114,044	102,482
INVESTMENTS IN UNCONSOLIDATED SUBSIDIARY AND AFFILIATES	24,131	22,507
OTHER ASSETS AND DEFERRED CHARGES	1,973	839
	$628,183	$587,492

LIABILITIES, DEFERRED ITEMS AND STOCKHOLDER'S EQUITY	1976	1975
SHORT-TERM LIABILITIES:		
Bank loans	$ 5,091	$ 5,307
Current portion of long-term debt	23,845	16,645
Other	8,951	13,020
	37,887	34,972
Commercial paper, supported by unused commitment under long-term revolving credit agreement	73,190	
	111,077	34,972
LONG-TERM DEBT, less current portion:		
Senior debt	267,937	312,377
Subordinated debt	28,492	42,036
	296,429	354,413
DEFERRED ITEMS:		
Federal income taxes	130,301	117,030
Investment tax credits	23,245	19,821
	153,546	136,851
STOCKHOLDER'S EQUITY:		
Common stock and additional capital	33,806	33,806
Retained income	33,325	27,450
	67,131	61,256
	$628,183	$587,492

Greyhound Leasing is a wholly-owned subsidiary of Greyhound engaged in general equipment leasing and financing. The above financial information has been summarized from the audited financial statements appearing in Greyhound Leasing's annual report which is available upon request. The following is certain additional information from that report:

Summary of Certain Accounting Policies

1. Equipment leases are accounted for under the direct finance lease method.
2. Investment tax credits are deferred and amortized over the life of the leases.
3. Deferred federal and foreign taxes are provided on timing differences between tax and financial reporting.
4. Canadian and other foreign financial statements have been translated in accordance with FASB Statement No. 8.

Receivables and Debt

Receivables and long-term debt (other than $126,000,000 due under a revolving credit which, if not renewed, could become payable over eight years) due in the next five years are as follows:

	Receivables (000 omitted)	Debt
1977	$101,247	$ 23,845
1978	89,016	15,177
1979	83,650	15,673
1980	72,378	12,068
1981	60,718	17,956

Consolidated Income (000 omitted)

	Year Ended December 31, 1976	1975
EARNED INCOME:		
Lease and other contract income	$ 47,057	$ 45,019
Investment tax credit amortization	4,387	3,504
Gains on disposals of equipment	702	799
	52,146	49,322
EXPENSES:		
Interest, including $1,941 and $2,786 (net) to Greyhound	30,959	30,698
Provision for doubtful accounts	2,407	2,264
Selling, administrative and other operating expenses	4,611	4,057
	37,977	37,019
INCOME BEFORE FEDERAL INCOME TAXES	14,169	12,303
DEFERRED FEDERAL INCOME TAXES	4,696	4,242
INCOME OF GREYHOUND LEASING AND CONSOLIDATED SUBSIDIARIES	9,473	8,061
EQUITY IN NET INCOME OF UNCONSOLIDATED SUBSIDIARY AND AFFILIATES	2,101	2,881
NET INCOME	$ 11,574	$ 10,942

Changes in Consolidated Financial Position (000 omitted)

	1976	1975
SOURCE OF FUNDS:		
Net income	$ 11,574	$ 10,942
Tax benefits from Greyhound	8,598	6,970
Investment tax credits, less amortization	3,424	4,781
Other	4,773	3,793
Total from operations	28,369	26,486
Collections on equipment lease and other contract receivables in excess of rental income amortization	49,251	44,790
Total from operations plus collections	77,620	71,276
Issuance of commercial paper	73,190	
Additional long-term financing	75,890	56,570
Greyhound contribution to capital		30,000
Other	10,660	18,287
	237,360	176,133
USE OF FUNDS:		
Retirement of long-term debt	127,622	34,278
Lease equipment and other contract receivables	98,585	124,502
Dividends to Greyhound	5,699	5,850
Other	4,069	8,898
	235,975	173,528
INCREASE IN CASH	$ 1,385	$ 2,605

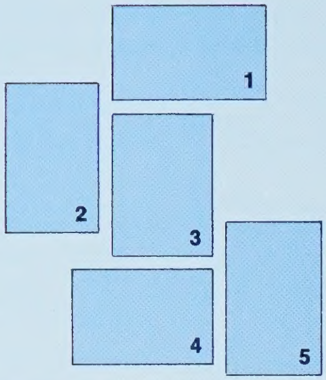
Estimated Effect of New Lease Accounting Standard

In November, 1976 the Financial Accounting Standards Board issued Statement No. 13 which establishes standards for the financial accounting and reporting of leases. If Greyhound Leasing had historically followed this opinion, earned income for 1976 and 1975 would have been $52,200,000 and $47,700,000 and net income $11,600,000 and $10,100,000, respectively; deferred taxes and retained income at December 31, 1976 would have been reduced by approximately $5,500,000 and $5,600,000, respectively. FASB Statement No. 13 does not require restatement of Greyhound Leasing's financial statements for prior years until December 31, 1981.

Contingencies

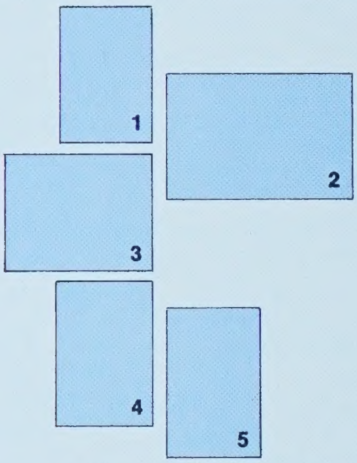
See Note I to the consolidated financial statements of Greyhound for information relating to the proposed additional assessment of federal income taxes.

Key To Photographs



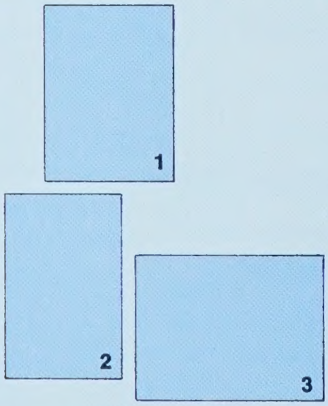
Front Cover

1. Unloading king crab from vessel leased from GL&FC
2. Some 60 million travelers chose to "Go Greyhound" in 1976
3. "Dogs kids love to bite" are carefully smoked and processed
4. Hydrant fueling by Aircraft Service International at Tampa airport
5. Dial soap on the packaging line at Aurora, Illinois plant



Inside Front Cover

1. Armour meats being tested at new Armour Research Center
2. Yarn-making at Malina plant near Reading, Pennsylvania
3. Salad preparation in GFM kitchens at McCormick Place, Chicago convention center
4. Jet being fueled at Ft. Lauderdale airport by Aircraft Service International
5. Baggage handling at Greyhound's Atlanta bus terminal



Key Subsidiary Pages

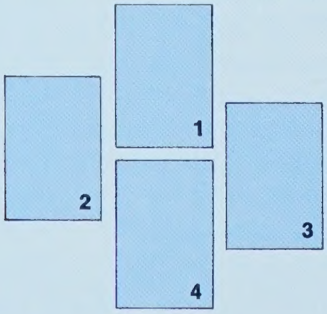
Page 22: Dispatch control center at Greyhound's Atlanta terminal

Page 23 top: Sausage packaging at Armour's Kansas City, Missouri plant

right: Cooling system used in the manufacture of Tone soap

Financial Page

1. Armour-Dial pilot soap plant at new Armour Research Center
2. Loyal Convention Service tour hostess at work
3. Wire display racks drying at Cadillac Display, Elmsford, N.Y.



Back Cover

1. Lavish buffet being served by Greyhound Food Management
2. Display under construction at Exhibitgroup-Chicago
3. Spools of colorful yarn produced by Malina Company
4. Greyhound drivers, the best in the intercity bus business

Transfer Agents*

Common Stock certificates may be transferred at the following transfer agent's office:

Morgan Guaranty Trust Company
of New York
30 West Broadway
New York, New York 10015

Transfer of warrant certificates representing New York Stock Exchange listed warrants can only be made at the following agent's office:

First National City Bank
111 Wall Street
New York, New York 10015

**Change of address and inquiries regarding dividend payments or related to common stock accounts or warrant accounts should be sent directly to:*
The Greyhound Corporation
P.O. Box 21688
Phoenix, Arizona 85036

Stock Exchanges

Common stock of The Greyhound Corporation is listed and traded on the New York and Pacific Coast stock exchanges. It also is traded on the Midwest, Philadelphia, and Cincinnati exchanges.

3% second preference stock of The Greyhound Corporation is not listed or traded on any market.

NYSE Quotations

	1976		1975	
Common Stock	High	Low	High	Low
Calendar Quarters:				
First	17⅝	13	13½	10½
Second	16⅝	14½	14⅞	11
Third	16	14½	15¼	12
Fourth	15½	14⅛	14¼	12

3% Second Preference Stock — none available.

Corporate Headquarters

The Greyhound Corporation
Greyhound Tower
Phoenix, Arizona 85077
(602) 248-4000

Annual Meeting

You are cordially invited to attend the annual meeting of stockholders to be held May 10, 1977, starting at 9:30 a.m., in the Coronado Room at Del Webb's TowneHouse, 100 West Clarendon Avenue, Phoenix, Arizona


Arbrook


GREYHOUND
LINES